

**Women and Micro Credit: Towards an Understanding of  
Women's Experiences in Cairo, Egypt.**

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**DEDICATION**

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This project is dedicated to all people working towards social justice and advancing women’s rights around the world.

## ABSTRACT

**Keywords:** micro credit; women; informal economy; poverty; empowerment; international social work; Middle East

Women's access to micro credit has increased substantially worldwide. International organizations, non-governmental organizations, commercially-oriented institutions and governments support the proliferation of micro credit programs through diverse funding arrangements, and specifically target women to participate in such initiatives. This dissertation explores women's experiences in a micro credit program in Cairo, Egypt, funded by Save the Children (USA) in order to contribute to the growing debate on women's poverty reduction and empowerment potential. Because women's voices are critical the issues are raised through questions regarding women's situation in micro credit and what factors assist women in meeting their choices and concerns, and empowerment outcomes.

A qualitative research study of women's micro credit groups based in Cairo's Abdeen and Imbeba neighbourhoods was used in order to address women's experiences. In the literature reviewed on micro credit and micro finance, international development paradigms for women, and the socio-economic context in Cairo served to identify important influences. Women's sources of power based in the household were used to develop a conceptual framework. Women's triple roles in production, reproduction and community managing, women's practical and strategic gender needs, and theories of women's empowerment formed the principal elements.

Findings were based on interviews and observation with 69 project participants, including 54 women borrowers, of which 11 interviewed women agreed to a second interview, and 4 key staff members of the Group Guaranteed Lending and Savings program. Numerous assumptions regarding the role of micro credit in the lives of low-income women are reported and analyzed. An exploration of women's experiences reveals that, social issues in micro credit are as important, perhaps even more so, than the economic concerns of the projects. Only through building a more complete picture of women's lives can micro credit programs achieve their objective: to contribute to greater gender equity in society.



## RESUME

**Mots-clés:** micro crédit; femmes; économie informelle; pauvreté ; l'*empowerment*; service sociale internationale; Moyen-Orient.

L'accès des femmes au micro crédit a sensiblement augmenté à travers le monde. Les organisations internationales, les organisations non-gouvernementales, les institutions à vocation commerciale et les gouvernements encouragent le développement des programmes de micro crédit grâce à diverses possibilités de financement et ils incitent plus particulièrement les femmes à participer à de telles initiatives. Ce document analyse les expériences de femmes ayant participé à un programme de micro crédit mené au Caire, en Egypte, et financé par «Save the Children» (USA) afin de contribuer au débat grandissant sur la réduction de la pauvreté des femmes et leur potentiel d'*empowerment*. Etant donné que la voix des femmes est importante, ces problèmes sont posés sous forme de questions concernant la situation des femmes en termes de micro crédit, les facteurs qui aident les femmes à assumer leurs choix et à répondre à leurs préoccupations et les résultats en matière d'*empowerment*.

Une étude qualitative portant sur des groupes de femmes concernées par le micro crédit et originaires des quartiers d'Abdeen et d'Imbeba au Caire a été utilisée afin d'analyser les expériences des femmes. Dans les textes lus sur les thèmes du micro crédit et de la micro finance, les modèles de développement international pour les femmes et le contexte socio-économique au Caire ont permis de mettre en évidence des influences importantes. Les sources de pouvoir des femmes dans le cadre du ménage ont été utilisées pour définir un cadre conceptuel. Le triple rôle des femmes en termes de production, de reproduction et de gestion de la communauté, les besoins pratiques et stratégiques des femmes compte tenu de leur sexe ainsi que les théories sur l'*empowerment* des femmes en ont constitué les éléments principaux.

Les résultats s'appuient sur les interviews et l'observation de 69 participants au projet, dont 54 femmes sollicitées, parmi lesquelles 11 femmes interviewées ont accepté une seconde interview, et 4 membres du programme intitulé «Group Guaranteed Lending and Savings» (Epargne et Prêts garantis aux Groupes). De nombreuses hypothèses concernant le rôle du micro crédit dans la vie de femmes à faible revenu ont été avancées et analysées. Une étude portant sur les expériences vécues par les femmes révèle que les problèmes sociaux, dans le cadre du micro crédit, sont aussi importants, et peut-être même plus, que les aspects économiques des projets. Ce n'est que grâce à une vision plus précise de la vie des femmes que les programmes de micro crédit pourront atteindre leur objectif : contribuer à une plus grande égalité des sexes dans la société.

## **CHAPTER ONE**

### **Introduction**

On January 24, 2005 the Government of Canada and the Province of Nova Scotia announced they will provide a total of CAD \$1,000,000<sup>1</sup> to a Global Micro Credit Summit to be held November 12-15, 2006 in Halifax, Nova Scotia (Micro Credit Summit, 2005a). More than 2,000 delegates from over 100 countries are expected to attend the summit, which will announce the results of a nine-year campaign to reach 100 million of the world's poorest families with micro loans and other financial services (Micro Credit Summit, 2005a). The Atlantic Canada Opportunities Agency (ACOA) Minister Joseph McGuire called it "an honour for Atlantic Canada to host the Micro Credit Summit in 2006," while Canadian International Development Agency (CIDA) Minister Aileen Carroll called the summit "a prestigious and high-profile international event" (Micro Credit Summit, 2005a). Nova Scotia legislator Gary Hines said, on behalf of Economic Development Minister Ernest Fage, that while Nova Scotia will benefit directly from hosting the conference "all participants will go away richer" (Micro Credit Summit, 2005a).

In February 1997 an international micro credit summit pledged to raise more than 20 billion dollars in grants and loans to support the development of micro credit programs around the world. The core themes of the micro credit campaign are:

- 1) to reach the poorest,

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<sup>1</sup> The Government of Canada is investing CAD \$500,000 from the Atlantic Canada Opportunities Agency (ACOA) and CAD \$250,000 from the Canadian International Development Agency (CIDA) in the 2006 Micro Credit Summit. The Government of Nova Scotia is investing CAD \$250,000 and the Canadian Cooperative Association has pledged an additional CAD \$250,000, which brings the total committed or pledged to more than USD \$1,000,000. See Micro Credit Summit, 2005a, for further details.

- 2) to reach and empower women,
- 3) to build financially self-sufficient institutions, and
- 4) to ensure a positive, measurable impact on the lives of clients and their families.

There has emerged an “almost” global consensus that lending small loans or micro credit<sup>2</sup> to the poor is *the* key element for reducing poverty in the twenty-first century and improving social and economic development (Micro Credit Summit, 1999). The development of micro credit programs generated enormous enthusiasm among donors and non-governmental organizations. Many advocates of micro credit believe that credit is a way out of poverty for everyone ‘ready to participate.’

Various international conferences have supported the proliferation of micro credit programs. The World Summit for Social Development held in Copenhagen in 1995 called upon governments and international organizations to support micro credit programs in order to facilitate entrepreneurship for the poor. The Millennium Development goals support micro credit in order to reduce poverty and empower women. Also, the General Assembly of the United Nations adopted Resolution 53/197 declaring 2005 as the International Year of Micro Credit (Micro Credit Summit, 2003).

This unrivalled enthusiasm for micro credit as a tool to end poverty and empower women has increasingly been examined in the growing literature. However, there are few studies that privilege women’s perspectives and voices in micro credit, and it is crucial for development program officers to hear women’s concerns, to learn about women’s experiences and to

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<sup>2</sup> Micro credit is defined as the provision of small loans for self-employment and income generation.

highlight women's perspectives as borrowers. Because women are explicitly targeted to participate in micro credit programs, and because they are the intended beneficiaries of projects, it is important to solicit their experiences and perspectives and views since it is they such programs are intended to assist.

This study focuses on women's experiences in a "Group Guaranteed Lending and Savings" micro credit loan project sponsored by Save the Children (USA) in Cairo, Egypt. Women's participation in micro credit in Egypt operates under a number of influences that have served an important role in the development of the program, and continue to influence strategic objectives.

### **Rationale and objective of the research**

The aim of this study is to explore women's experiences in micro credit. There are two specific goals: 1) to understand what influences women's choices and priorities in micro credit, and, 2) to analyze women's empowerment. Women's ability to earn an income through micro credit loans, and become 'empowered' is influenced by a number of factors related to women's social and economic position in society. The results of this study will contribute to advancing knowledge on the intersection between micro credit, women and empowerment, as well as how women's roles and needs are understood in development projects for Egyptian and international development workers, Western and Arab feminists, community organizers, social workers and academics. The study calls for integrated approaches and interventions to better meet the gender needs of women.

The importance of this study is anchored in women's interactions and negotiations in the household and the larger society through their involvement in Save the Children (USA) 's micro credit program. Because the women participants in the program are the intended beneficiaries, their views are given most significance, since it is they the program is intended to assist. Although this study does not attempt to measure "impact", the exploratory nature of this research generated important qualitative data, and provides some indication of change rather than an accurate measurement of it. It is impossible to predict at the outset how micro credit will change women's lives, without some knowledge of the ways of 'being and doing' which are realizable and valued by the women in that context, in the process of enhancing women's capacity for self-determination (Kabeer, 2001).

The results of this study intend to contribute to the ongoing debate on the link between micro credit and poverty alleviation. More specifically, the aim is to address two interlinked concerns: the extent to which micro credit contributes to the alleviation of poverty among poor urban women and whether/how micro credit functions as a means of empowering women. This study focuses on women's own aspirations and strategies for change and prioritization of their interests. The micro credit projects undertaken by poor women are one-person-owned/-operated enterprises, also known as income-generating activities. The variety of women's responses, the context of women's decision-making and how women develop strategies for change, and overcome constraints, calls for examination.

### **Dissertation Structure and Overview**

The dissertation is organized in three distinct parts, including eleven chapters. Part one provides some insight into the rationale of micro credit programs, how micro credit is perceived to be linked to poverty alleviation and women's empowerment, and the relevance of different types of approaches in this respect. Chapter two begins with a comprehensive review of the literature focusing on different development approaches, and the relationship between micro credit, women and empowerment. Chapter three provides an overview of the geographical and socio-economic characteristics of Egyptian society and of the political processes that have shaped recent history. This section explores the particular role of women in Cairo, Egypt, in the literature including the legal context of women's status with particular reference to marriage and family law and practices, which has an important impact on women borrowers. Chapter four introduces my theoretical orientation and conceptual framework within which the study takes place. The concepts used to analyse the data are presented in this section. A feminist empowerment framework is proposed incorporating the concepts of 'gendered' women's roles and needs, and empowerment. This kind of synthesis of earlier research, emanating from the literature reviewed, guides the study and subsequent analysis of the data. Chapter five presents the methodology of the research study, as well as a description of the social and physical environment of the setting.

Part two focuses on the results and analysis of the data generated in this study. Chapter six focuses on the provision of micro credit loans to low-income women in Cairo, Egypt, by providing an overview of Save the Children (USA)'s program. Chapters seven through nine present the results of the study based on my field research, interviews and observations, which are discussed and analysed using the conceptual framework.

Part three consists of the final two chapters of the study. Chapter ten reveals women's experiences of empowerment using the conceptual framework developed. The final chapter eleven provides a summary of lessons learned, a series of recommendations for various actors involved in micro credit, as well as my conclusions on the state of women, micro credit and empowerment based on my research findings that privilege women's voices. Lastly, while the conclusion summarizes the key findings of the study, some tentative recommendations are made as to how women's gender needs may be both protected and promoted in micro credit.

### **The Positioned Researcher**

The fieldwork for this thesis started in 1999, when I lived in Cairo for a period of two years. But my interest in micro credit programs and women's roles in it goes back to my childhood in North Bay, Ontario, Canada, where I was born and raised. In the 1970-80s, my Uncle Tom was responsible for the city's economic development plan. I can remember overhearing conversations about creating local employment opportunities in our small town of 50,000 people, and remember when he first traveled to Finland to seek out alternatives

to large polluting businesses interested in investing in North Ontario. Another significant influence was my 'Memere,' my Franco-Ontarian grandmother. She was a widow for many years and as a result of her circumstances, developed several enterprising ventures on her own initiative: decorating wedding cakes in her home, making dandelion wine in the basement, and 'thrift' shopping whenever the opportunity arose. Other aspects of my own experience also helped to determine my research interests. When I was a young and somewhat politicized teenager, we moved from our small town in Northern Ontario to Ottawa, the nation's capital. My father's employment required that we move; it was not a choice. In very little time I adapted to our new and expanded community, but for others in our family, the adaptation process took longer. We experienced many of the 'push and pull' factors of living in an urban environment. I believed all it took to change the world was conviction and determination. It was not until some years after several life-changing events that I understood how gender dynamics within the constraints of society can place you in a powerless and subjugated position.

My commitment to social justice developed with my interests in international development. I had several opportunities to travel abroad, and during a trip in a developing country I became gravely ill and was hospitalized. For five days I was treated with the best hospital care money could buy, and I reflected upon my situation. I realized that I was not being treated for simply being sick as a person, but because I could afford health insurance. In some ways, I feel that my fieldwork began with this first 'politicizing' experience overseas. Later on, I remember being quite amazed at the variety of goods being sold on the streets, informally. During my



international social work field practicum, I worked as a United Nations High Commissioner for Refugees social services intern in Malawi, Africa. In refugee camps I witnessed the organization of income generating activities virtually overnight. Since 1997, I have been living, working and studying overseas in Cameroon, Egypt, Mexico and France. I have investigated the workings of micro credit and micro finance projects for women in Africa and Latin America.

My spouse's status as a diplomat in Egypt during the period of my field research facilitated our settling-in process and adjustment: the embassy provided us with a furnished apartment, with an office where I could do my work. The U.S. embassy placed important resources at our disposal such as a health unit equipped with doctors, laboratory facilities, vaccinations and medicines, for our regular bouts of illness. We could shop at the commissary for groceries, baby items and office supplies. Because my husband was working at the embassy I felt I might be perceived as a person who could provide some assistance in acquiring a visa (even though I have absolutely no knowledge about the process). Near the end of my field research, I was indeed asked about immigration visas when I disclosed my status as a diplomat. But this did not affect my research results because the disclosure took place at the end of my interviews. I was able to provide them with a telephone number to call for more information.

On a more personal level, there is another experience that has dramatically changed my life, and that is becoming a mother. When I first arrived in Cairo, I was a new mother and known as 'Um Thomas' with the women borrowers I interviewed. And so, when I began my fieldwork, I

carried with me, besides my social work training, some important life experiences. This I believe has helped me relate to my research community and understand some of the women borrowers' ambitions, constraints and life choices.

## **CHAPTER TWO**

### **A Critical Review of the Literature**

The purpose of this chapter is to provide a critical review of the expansive literature on “micro credit” and “micro finance” and women’s empowerment in the development context. The chapter begins by defining the terms “micro credit” and “micro finance” and outlines the historical development of “credit” for the poor. Various debates and paradigms are examined in this literature, and the links between micro credit, poverty reduction and empowerment are discussed. What follows is an overview of current discourses and lessons learned from recent research studies closely related to micro credit and its relationship with poverty reduction and theories of women’s empowerment. A number of questions are raised in the broader international development field, particularly the status, and role, of women in “micro finance.” Attention is given to the “Women in Development” and “Gender and Development” approaches that have influenced the way scholars and practitioners consider women’s roles in the economy over the course of the last fifty years. In the literature reviewed “micro credit” is contextualized in relation to a number of social, economic and political forces. One of the most important features of this literature review is that it allows us to see that micro credit does not operate in a vacuum. A number of influences based in the local context affect “credit” in various dimensions and levels, which will be further discussed in a subsequent chapter on the socio-economic characteristics in Cairo, Egypt.

### A. What is Micro Credit and Micro Finance?

According to the International Micro Credit Summit Campaign, micro credit is a term used to describe

programs that extend small loans, and other financial services such as savings, to very poor people for self-employment projects that allow them to generate an income, allowing them to care for themselves and their families. (Micro Credit Summit Campaign, 2004)

“Micro finance” is another term used to refer to a range of financial services, such as credit, savings and others<sup>3</sup>. Micro finance provides small-scale financial services to people who engage in various activities such as:

... farming, fishing or herding; who operate small enterprises or micro enterprises<sup>4</sup> where goods are produced, recycled, repaired, or sold; who provide services; who work for wages or commissions; who gain income from renting out small amounts of land, vehicles, animals, or machinery or tools; and to other individuals or groups at the local levels of developing countries, both rural and urban (Robinson, 2001, p. 9).

Formal banking institutions have not met the demands and need for credit by low-income populations, especially women, which will be further elaborated in a later section of this literature review. For this reason, micro credit practitioners, advocates, educational institutions, donor agencies, international financial institutions, non-governmental organizations (NGOs) and others involved in micro credit offer a combination of services and resources to their clients including savings facilities, training, networking, and peer support. Studies on micro credit programs around the world have proven that poor people can achieve strong repayment records, especially women, when borrowers are responsible for each others' loans and ensure that every

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<sup>3</sup> Other financial services may include provisions for savings, pensions and/or insurance.

<sup>4</sup> The focus of this study is on women's income-generating activities (which employ one person, the loanee) rather than micro-enterprises (which employ 2-10 workers) or small-scale enterprises (which generally employ 11-50 workers).

member of their group is able to pay back her loan (Hulme and Mosley, 1996). The next section will focus on the position of women in micro credit and in the literature on this topic.

### **Women and Micro Credit**

Micro finance programs targeting women have been promoted since the mid-1990s as a key strategy for simultaneously addressing both poverty reduction and women's empowerment (Mayoux, 2002). International conferences have promoted the idea that poor women have a right to savings, credit, pensions and insurance schemes like anyone else (Mayoux, 2002). In fact, this entitlement is an essential part of their economic rights enshrined in international agreements on human rights and gender equality (Mayoux, 2002). In many parts of the world there are undoubtedly some women participating in micro finance programs for whom household poverty has been at least somewhat reduced (Mayoux, 2002). For some women access to micro finance services has initiated a "virtuous spiral" of economic, social and even political empowerment (Mayoux, 2002). However, an increasing body of evidence in the literature on micro finance suggests that its contribution to poverty reduction and women's empowerment is generally less than assumed (Mayoux, 2002; Rahman, 1999; Hulme & Mosley, 1996; Oxaal & Baden, 1997). Actually, there is a considerable gap between the *potential* and *actual* contribution of micro finance to poverty reduction and women's empowerment (Mayoux, 2002). Hence, serious questions need to be asked about the adequacy of the particular models of micro finance being promoted, the underlying political assumptions about the nature of development on

which they are based, and how women's empowerment can be understood in this context (Mayoux, 2002).

### **To Reach and Empower Women**

One of the four key goals of the Micro Credit Summit campaign is "to reach and empower women" (Micro Credit Summit, 1999). The literature demonstrates that international donors present an extremely attractive vision of increasing numbers of expanding, financially self-sustainable and even profitable micro credit programs (Robinson, 2001). But these are presented as not only reaching, but also empowering, large numbers of very poor women borrowers. One of the barriers women face is broad social discrimination that limits the opportunities open to these women, raising the question of whether micro enterprise development programs should do more to address the issue (ILO, 2000a, p. 10).

Studies have shown that simply putting financial resources in the hands of poor women is not always enough to bring about empowerment and improved welfare (Hulme & Mosley, 1996; Rahman, 1999a; Mayoux, 2002). In many cases benefits may be marginal for the following reasons cited in the literature reviewed. First, women's own interests are frequently subordinated to those of household poverty reduction and program financial sustainability (Mayoux, 2002). Secondly, studies show that program staff openly state that the main motivation for targeting women is because they are perceived as more conscientious and docile clients (Cheston & Kuhn, 2003). Unlike men they are prepared to devote considerable time and energy to group activity, which decreases program costs (Cheston & Kuhn, 2003). Women are therefore

a convenient, cost-effective and comparatively risk-free means of channeling loans to men within households and creating a savings base (Mayoux, 2002). If women are to benefit truly from micro finance programs, aims and strategies for women's empowerment need to be mainstreamed rather than marginal add-ons to programs designed for financial sustainability or household poverty alleviation (Mayoux, 2002).

Thus, in the growing literature in micro finance there is currently no clear consensus on how micro credit and women's empowerment can be measured. However, in general, a distinction is made between two basic approaches. The first is a narrow perception of empowerment, where access to micro credit is assumed to function as a catalyst for positive changes in women's socio-economic status. The second is a broader approach that acknowledges the linkages between intra-household dynamics, the community, the market and the State, and recognizes the need to address the structural (social, economic, political and legal) factors that impede women's ability to negotiate micro credit and to share equally (with men) in the benefits. For this reason many micro credit initiatives are viewed as promoting a narrowly individualistic definition of empowerment, and as ignoring the collective dimension of empowerment (Oxaal & Baden, 1997, p. 13).

### **Why Do Micro Credit Programs Target Women?**

Apart from the objective of bringing about 'women's empowerment' there are many different rationale cited in the literature that explain the priority on providing women access to micro credit loans. According to research by

the United Nations' Development Program (UNDP), the United Nations' Development Fund for Women (UNIFEM) and the World Bank, among others, indicate a dominant development approach (UNDP, 1999). First, priority is given to economic growth to ensure development. Economic growth is considered a necessary precursor to poverty reduction. Micro credit has come to play a major role in many of these donors' gender and development strategies because of its espoused relationship to both poverty alleviation and women. By giving women access to working capital, micro credit is believed to help mobilize women's productive capacity to alleviate poverty through an increase in economic activity (supported by micro credit).

Secondly, it is generally accepted that women are disproportionately represented among the world's poorest people (Cheston & Kuhn, 2003). In its Human Development Report, UNDP (1995) reported that 70 percent of the 1.3 billion people living on less than \$1 per day are women. According to the World Bank's gender statistics database, women have a higher unemployment rate than men in virtually every country (World Bank, 2001b). This rationale supports women's access to financial services because women are relatively more disadvantaged than men.

Thirdly, women have been shown to spend more of their income on their households; therefore by helping women increase their incomes, it is possible to improve the welfare of the family (Chester & Kuhn, 2003). Some studies have confirmed that women are more likely than men to spend their profits on household and family needs (Simanowitz, A., Nkuna, B., & Kasim, A., 1999). According to research undertaken by Naila Kabeer (2001) there are sound reasons why women's interests are likely to be better served by



investing effort and resources in the collective welfare of the household rather than in their own personal welfare. But, Kabeer cautions, it is important to recognize that those incentives may change when women become empowered and have new options.

Fourthly, arguments have been made for and against targeting women on the grounds of efficiency and sustainability. Proponents of targeting women for sustainability reasons cite women's repayment records and cooperativeness in group programs (Simanowitz, A., Nkuna, B., & Kasim, A., 1999, p. 93). A collective wisdom has emerged that women's repayment rates are typically far superior to those of men. Lower arrears and loan loss rates have an important effect on the efficiency and sustainability of the institution, which influences targeting decisions. Many programs have also found women to be more "docile" than men and prefer to work with them for that reason as well.

Last but not least, one of the most often articulated rationales for supporting micro credit and targeting of women is that micro credit is an effective means for "empowering women".

### **Empowerment in the Development Discourse**

Recent UN conferences have advocated that women's empowerment is central to development (Oxaal & Baden, 1997, p. 3). The International Conference on Population and Development (ICPD) in Cairo, discussed the population issue not just as a technical, demographic problem, but as a choice that women should be empowered to take within the context of their health and reproductive rights (Oxaal & Baden, 1997, p. 3). The Copenhagen

Declaration of the World Summit on Social Development (WSSD) called for the recognition that empowering people, particularly women, to strengthen their own capacities is a main objective of development, and that empowerment requires the full participation of people in the formulation, implementation and evaluation of decisions determining the functioning and well-being of societies (Oxaal & Baden, 1997, p. 3).

Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural and environmental security among all people.

As this statement from the UN Fourth World Conference on Women, and much of the evidence presented so far in this section, shows, women's empowerment is a critical piece of sustainable development.

However, the meaning of empowerment, as explored by Oxaal and Baden (1997) is seen to have been altered as it has gained currency in mainstream development discourse (p.5). In this context, empowerment is often envisaged as individual rather than collective, and focuses on entrepreneurship and individual self-reliance, rather than on cooperation to challenge power structures which subordinate women (Oxaal & Baden, 1997, p. 5). This individualistic approach to empowerment fits together with the belief in entrepreneurial capitalism and market forces, and with the current trend for limiting state provision of welfare, services and employment (Oxaal & Baden, 1997, p. 5 cites Young 1993). The various understandings of 'power' embedded in the concept of empowerment carry through into different approaches to empowerment in practice, which will be further investigated in the next chapter.

Jo Rowlands (1998; 1999) explains that empowerment is essentially a bottom-up process rather than something that can be formulated as a top-down strategy. Understanding empowerment in this way means that development agencies cannot claim to empower women. Women must empower themselves (Oxaal & Baden, 1997, p. 6).

Outsiders cannot empower women: only women can empower themselves to make choices or to speak out on their own behalf. However, institutions, including cooperation agencies, can support processes that increase women's self-confidence, develop their self-reliance, and help them set their own agendas. (CIDA, 1999, p. 8)

Development organizations can, under some circumstances, play an enabling or facilitating role to support women's individual empowerment by encouraging women's participation, acquisition of skills, decision-making capacity, and control over resources (Oxaal & Baden, 1997, p. 6). Women's collective empowerment can be supported through women's organizations which work to address the causes of gender subordination, by promoting women's participation in political systems, and by fostering dialogue between those in positions of power and organizations with women's empowerment goals (Oxaal & Baden, 1997, p. 6).

Yet, micro finance's potential to empower poor women to a large extent often goes unrealized (Cheston & Kuhn, 2003). In spite of the enthusiasm that many donors and practitioners have shown for the empowering potential of micro finance, why are many reluctant to intentionally focus on women's empowerment when designing their systems and programs? Their rationales range from the belief that empowerment will happen naturally. Many "good" micro credit programs assume women's empowerment. There is a widespread belief that increasing women's access to

income and skills are of themselves empowering, where there is much evidence to suggest that income generating activities and training programs aimed at women often increase their workload without increasing their decision making powers or control of resources (Oxaal & Baden, 1997, p. 7-8). Other programs are concerned that paying attention to empowerment will distract the “institution” from running in a financially sustainable manner (Cheston & Kuhn, 2003).

Critics of the ‘virtuous spirals’ in micro finance clearly show that women’s economic empowerment is not automatic, and that complacency in these assumptions can lead micro finance institutions to overlook both opportunities to empower women more profoundly and failures in empowerment (Hulme & Mosley, 1996). Even more alarming are findings by Rankin’s (2002) research in Nepal showing that the absence of a structural analysis in micro finance could end up only exacerbating rather than challenging existing social hierarchies.

The ability of a woman to transform her life through access to financial services depends on many factors – some of them linked to her individual situation and abilities, and others dependent upon her environment and the status of women as a group (Bonfil, 1999). An empowerment approach must develop ways of enabling women themselves to critically assess their own situation and create and shape a transformation in society (Oxaal & Baden, 1997, p. 6). Control of capital is only one dimension of the complex and ever-changing process by which the cycles of poverty and powerlessness replicate themselves (Hulme & Mosley, 1996). Women also face disadvantages when it

comes to accessing information, social networks, and other resources they need to succeed in business and in life.

The question has been raised, not only in the micro finance literature but also in the broader field of international development, as to whether or not it is ethical and appropriate for development institutions to promote women's empowerment. The empowerment or disempowerment of women and other groups in each society is closely linked to the culture of that society. The promotion of women's empowerment implies advocacy for cultural and social change, which some fear is an inappropriate imposition of "Western" values on non-Western societies. However, many independent indigenous women's organizations around the world have contributed to their countries' development by leading long and successful struggles for women's empowerment. Organizations like Self Employed Women's Association (SEWA) and Working Women's Forum (WWF) in India have organized and mobilized Indian women to work for women's empowerment and rights with little or no "outside" assistance or influence. While desired outcomes and goals of empowerment are culturally relative, empowerment itself is not a Western concept (Cheston & Kuhn, 2002, p. 15).

What does women's empowerment entail in micro credit? Cheston and Kuhn (2003) identified several types of changes (or what they call indicators) that are believed to be relevant in a wide range of cultures. These are women's empowerment through women's increased participation in decision-making, self-confidence, more equitable status in the family and community, and increased political power and rights. In the literature

reviewed it is possible to identify dimensions and levels of empowerment, which will be further explored in the conceptual framework of this thesis.

However, Kabeer's (2001) research on women's empowerment is more relevant. Kabeer argues that indicators of empowerment need merely *indicate* the direction of change rather than provide an accurate measurement of it. Many researchers have made an implicit assumption that it is possible to somehow predict the processes of change involved in empowerment. Kabeer (2001) demonstrates that this is not possible because human agency is indeterminate and unpredictable. Thus, Kabeer suggests that there is no single linear model of change by which a *cause* can be identified for women's disempowerment and altered to create the desired *effect*. She states:

To attempt to predict at the outset of an intervention precisely how it will change women's lives, without some knowledge of ways of 'being and doing' which are realisable and valued by women in that context, runs into the danger of prescribing process of empowerment and thereby violating its essence, which is to enhance women's capacity for self-determination. (Kabeer, 2001)

Research on the impact of micro finance programs has raised many questions, and legitimate concerns, about the potential negative impacts that programs can have on women, particularly in restrictive environments. There is evidence that questions the success of micro finance programs in bringing about lasting change in women's economic welfare or empowerment (Goetz & Gupta, 1994; Rahman, 1999a).

Mayoux's (2001) research findings show that micro finance institutions cannot have more than a limited impact on women's empowerment unless there are changes in the wider gender inequalities in the broader social and economic contexts. There is a tendency to assume that

increasing access to resources, or decision-making in one area, as suggested by Cheston and Kuhn (2003) for example, will necessarily carry through into other areas (Oxaal & Baden, 1997, p. 9). It is not the delivery of credit per se, but the context in which credit is delivered which is vital in ensuring that women's control over resources and bargaining power is increased (Oxaal & Baden, 1997, p. 9).

... increased decision-making power at the individual level and greater access to economic resources to women do not necessarily translate into greater representation or power of women within political institutions, an area which has proved remarkably resistant to change. Conversely, empowerment in one area cannot be sustained without attention to other facets. Reproductive and sexual rights, for example, cannot be fully exercised where women's lack of independent economic resources undermines their freedom to make choices and bargaining power. (Oxaal and Baden, 1997, p. 9)

Bell (2000, p. 8) argues that the relationship between gender and poverty is more complex than is generally assumed. For example, it is now recognized that it is not poverty per se that leads to women's subordination in society and in the economy, nor can women's subordination be explained primarily in terms of poverty. The goals of reducing poverty and of achieving gender equality are distinct but interrelated (CIDA, 1999, p. 6).

Poverty reduction means a sustained decrease in the number of poor and the extent of their deprivation. This requires that the root causes and structural factors of poverty be addressed. Reducing poverty places a focus on people's capabilities to avoid, or limit, their deprivation. Key aspects of this are: recognizing and developing the potential of the poor; increasing their productive capacity; and reducing barriers limiting their participation in society. Poverty reduction must focus on improving the social, economic and environmental conditions of the poor and their access to decision-making. (CIDA, 1999, p. 6 refers to CIDA's Policy on Poverty Reduction, 1996)

While both poor men and poor women may face problems in obtaining access to micro credit, poor women tend to be hampered further by gender-specific constraints. These constraints can include low education and skill levels, cultural norms restricting their physical mobility, demands on their time as they attempt to balance their reproductive and productive roles, a task made more difficult by the gender-based unequal division of labour, the relatively low economic value placed on their paid and unpaid activities, and their limited access to assets and social services and limited control over resources.

The literature demonstrates that the implications of micro credit for women vary. There can be potentially negative impacts on women, and Cheston and Kuhn (2003) suggest that programs should be prepared to assist in negotiating a reasonable and sustainable work/life balance (p. 23). Because poor women have fewer options, and because micro finance institutions were developed to work with women in their disempowered condition, institutions need to be prepared to change and develop as the women and communities they serve change, and have other options.

### **Competing Paradigms in Micro Credit**

According to Elisabeth Rhyne (1998),

Everyone involved in micro finance shares a basic goal: to provide credit and savings services to thousands or millions of poor people in a sustainable way. Everyone wants to reach the poor. The debate is about the means, not the goals.

There are three competing paradigms in micro finance: the financial self-sustainability paradigm, the poverty alleviation paradigm, and the feminist empowerment paradigm (Rhyne, 1998; Woller, 1999; Mayoux, 2002). It is



important to analyse these micro finance paradigms because each has its own theoretical assumptions and allegiances. There is considerable debate over the provision of subsidized micro credit. Mayoux's (2002) extensive theorizing shows that each has a distinct discourse arising from different value and political premises. These influences enable us to understand how they affect the way programs are organized and how they deliver micro credit and consider the "best" means for poverty reduction and women's empowerment. Most programs normally attempt to combine one or more of these paradigms, often in uneasy co-existence, in order to meet the competing aims of various stakeholders (program staff, women clients and/or funders/donors) (Mayoux, 2002).

### **1. The Financial Self-Sustainability Paradigm**

The financial self-sustainability paradigm is the model of micro finance promoted by many prominent donor agencies, particularly the United States Agency for International Development (USAID), the World Bank, the United Nations Development Program (UNDP) Micro-Start Program, the Consultative Group to Assist the Poorest (CGAP), and the Micro Credit Summit Campaign<sup>5</sup>. Mayoux (2002) argues it is an attempt to insert poverty alleviation and empowerment concerns into the neo-liberal agenda. The main concern is to increase access of large numbers of poor people to financially self-sustainable micro finance services to enable them to increase their

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<sup>5</sup> The Consultative Group to Assist the Poorest (CGAP) is an international initiative from the 1993 International Conference on Actions to Reduce Global Hunger and was formally constituted in 1995. The founding members are Canada, France, the Netherlands, the United States, the African Development Bank, the Asian Development Bank, the International Fund for Agricultural Development, the United Nations Development Program and the World Bank. Almost US \$200 million was pledged to micro finance programs for the poorest groups in low income countries, particularly women (World Bank, 1996). Considerably more than this has been disbursed independently by member agencies (Mayoux, 2002).

incomes. Otero and Rhyne (1994) give a very detailed account of this paradigm that explains its prominence today.

The ultimate aim of the financial self-sufficiency approach is to develop very large micro credit programs, which are profitable and fully self-supporting as in many private sector banking institutions. These “commercial financial institutions” raise funds from international financial markets rather than donor and development agencies’ subsidies. Mayer and Rankin (2002, p. 806) note the subjectivity of the “rational economic woman” which marks a change from male beneficiaries to female clients with responsibilities to themselves and their communities. When poor women are construed as clients in this way, the onus for development falls squarely on their shoulders, releasing the state from considerable civic obligations (Rankin, 2001).

Policy discussions have focused particularly on setting interest rates to cover costs, separating micro finance from other social service interventions, increasing outreach and scale of operations, reducing transaction costs, and using groups to decrease costs of delivery<sup>6</sup>. In this paradigm women’s empowerment is understood as the expansion of individual choice and capacities for self-reliance within existing structures, rather than examining underlying constraints. The financial self-sustainability paradigm assumes that access to credit (through poverty targeting) and increasing numbers of female clients is sufficient for poverty alleviation and women’s empowerment. Credit is designed to assist women in meeting their practical needs.

## **2. The Poverty Alleviation Paradigm**

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<sup>6</sup> There are two types of subsidies: interest-rate subsidies and operational subsidies. Interest-rate subsidies can be justified on economic and social grounds, and operational subsidies cover operational expenses for micro finance institutions that cannot recover costs and depend on donor subsidies and funding (Versluyen, 1999, p. 56).

The underlying philosophy of the poverty alleviation paradigm, derived from supply-leading finance and the widespread subsidized credit programs that evolved from these theories, emerged in response to conditions after World War II (Robinson, 2001, p. 71). Concerned with increasing food cultivation governments provided farmers with subsidized capital to pay for the inputs required to cultivate high-yielding varieties of rice and wheat that marked the green revolution of the 1960s and 1970s (Robinson, 2001). Massive large-scale subsidized credit programs proliferated in developing countries around the world, and the approach was later expanded to non-agricultural borrowers. A review of the literature on subsidized agricultural credit programs is beyond the scope of this topic, but it serves as an influence in the philosophy of establishing subsidized credit programs for women.

For example, since the mid-1980s formal institutions began to lend subsidized government or donor funds to small and micro enterprises in urban areas at below-market rates (Robinson, 2001, p. 147). The poverty-lending model uses subsidies to cover administrative costs, and often provides training and social services for borrowers. It views micro finance as a means of alleviating household poverty and vulnerability, while targeting women because they are seen as poorer than men and more likely to spend income on the welfare of their families (Mayoux, 2002).

The approach to women's empowerment assumes that in addressing women's practical needs they will be enabled to challenge gender inequity in ways they see fit, and that household poverty alleviation and wellbeing and women's empowerment are inherently synergistic and achievable as a win-win process (Mayoux, 2002). While gender subordination is recognized as an

issue, the focus is on assistance to households. In many programs the term ‘women’s empowerment’ is considered best avoided as being too controversial and political (Mayoux, 2002). It is assumed that increasing women’s access to microfinance will increase women’s decision making in the household and access to income for both production and consumption and improve their status in the community. Further, it is believed that women’s interests coincide with those of the household, particularly children<sup>7</sup>. There is considerable ambivalence about addressing gender issues if this might lead to conflict within households or communities. The main critique of the poverty alleviation paradigm is that it is not sufficient to focus solely at the household level, since intra-household inequalities mean that women do not necessarily benefit from increases in household income, even where they are major contributors (Mayoux, 2002).

### **The Grameen Bank of Bangladesh Poverty-Lending Model**

Over the last two decades, the Grameen Bank pioneered the poverty-lending approach. The founder, Professor Muhammad Yunus, became aware of the lack of financial services for the poor in rural Bangladesh during the 1970s. Concerned with the plight of the poor, he designed an experiment that emerged as the ‘Grameen Project’ which used peer monitoring and joint liability in a group to overcome the problems of screening, monitoring and enforcing repayment of loans (Sinha, 1998). The Grameen Project was the first micro credit loan system to emerge in Bangladesh, which later

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<sup>7</sup> The household is viewed as a “cooperative” site where resources are pooled and shared equally.

transformed into the Grameen Bank, today a specialized credit institution recognized globally.

There is a vast body of literature on the Grameen Bank since its inception in 1983 (Hulme & Mosley, 1996; Todd, 1996; Sinha & Matin, 1998; Rahman, 1999b; Versluyen, 1999; Robinson, 2001). Rahman's (1999b) study notes that the Grameen Bank "model" has been replicated in fifty-six countries and has been highly influential in spreading the idea that the poor can be credit worthy. The "poverty lending" model developed by the Grameen bank set the stage for the use of credit as a tool to engage people who are below the poverty line in economically productive activities, and views self-employment as a means to raise income and reduce poverty. The Grameen Bank model has influenced the development of many micro credit programs, including Save the Children's program in Cairo, which is a known "spin-off" of the Grameen Bank's model and adapted to the local cultural context (UNDP, 1999).

### **3. The Feminist Empowerment Paradigm**

The feminist empowerment paradigm is rooted in the development of some of the earliest micro finance programs, such as Self Employed Women's Association (SEWA) and Working Women's Forum (WWF) in India (Mayoux, 2002). This paradigm views gender subordination as a complex, multi-dimensional and all-pervasive process affecting all aspects of women's lives and embedded in many different mutually reinforcing levels (Mayoux, 2002). The feminist empowerment paradigm underlying approach is based on equity, empowerment and equality. Definitions of empowerment emphasize the importance of a gender and development (GAD) approach (Mayoux, 2002). Women's empowerment is seen as much more than economic

empowerment; it includes transformation of power relations throughout society. The paradigm focuses on gender and class relations (and other social divisions) as a collective rather than women or men as individuals. Further, the paradigm is useful in this study because it prioritizes changes in relations of production and social reproduction seen as underlying constraints on individual action. It stresses the importance of changing consciousness and sees aspirations and choices as inherently constrained by existing unequal power relations. There is an assumption that women have at least some common 'strategic' interest by virtue of gender subordination, and that women will wish to challenge gender inequity in ways envisaged by the wider international feminist movement, or will do so if given appropriate complementary support.

### **Synopsis of Paradigms**

The three competing paradigms in micro credit – the financial self-sustainability, poverty alleviation and feminist empowerment paradigm – are useful in this study because they remind us of the different perspectives and understandings of development for women. The paradigms are also useful because they allow researchers to locate themselves within an existing philosophical framework. The financial self-sustainability and poverty alleviation models view credit as the missing piece in development - if women could only access credit, they could reduce their poverty and become empowered. This thesis challenges both the financial self-sustainability and poverty alleviation paradigms that seek to integrate women into the existing neoliberal capitalist market system through micro credit. For instance, the financial self-sustainability model aims to develop sustainable programs that

reach many people. The poverty lending model operates on subsidies designed to lower interest costs for very poor clients. Only the feminist empowerment paradigm questions the standard account – of whether credit is the missing piece in development - and offers a more comprehensive understanding of the underlying constraints women face by allowing us to consider relations of production and reproduction.

This thesis argues that the feminist empowerment underlying approach (based on equity, empowerment and equality), rationale for targeting women (equity and human rights of women), and understanding of empowerment, is better situated to understand women's experiences in micro credit. The conceptual framework, presented in the next chapter of this dissertation, will further trace how this paradigm contributes to a broader understanding of the issues raised by women in this study. Linda Mayoux's research is very useful in tracing the debates and questions raised in analyzing women's empowerment, which serves as an influence in defining and in explaining the concepts and the way they are used to analyse the data generated in this study.

The "problematization" of micro credit for women will continue to be raised in this section by focusing on the relationship between women and micro credit as considered in the broader realm of international development policy.

## **B. Development Policy and Women**

The literature on women and international development policy is examined in the context of micro credit. Providing women with micro credit - to help reduce poverty - is by no means a new concept; it has for some time been part of the development and poverty alleviation interventions of non-

governmental organizations (NGOs). The literature reviewed demonstrates that concerns regarding women's role in development and improving women's status have a long history.

Since 1945, development programs have sought to spread the benefits of scientific and industrial progress to 'underdeveloped' nations through foreign aid (Momsen, 2004). This assistance, including food and military aid, became a political tool used by the superpowers of the USA and the USSR in a cold war competition to influence ex-colonial and non-aligned nations of the so-called 'Third World' (Momsen, 2004). In many parts of Africa first colonialism and then Western-funded development programs undermined many indigenous women's organizations and women's rights (Mayoux, 2002, p. 15). While the last few decades have brought about better living conditions, and health and well-being for some, many continue to face widespread human right violations and injustice. Of the world's six billion people, 1.2 billion live on less than US \$1 per day (World Bank, 2001a). For this reason development programs continue to highlight the overall reduction of poverty and disease, as well as debt relief, reducing corruption, and recognizing the importance of social and human capital (Momsen, 2004).

Since the collapse of the state socialist model in the USSR and Eastern Europe in 1989, the American model of neo-liberal capitalism became dominant (Momsen, 2004). This neo-liberal hegemony shifted the burden of welfare from the state to individual families and especially women (Momsen, 2004, cites Afshar & Dennis, 1992). Economic and human development rationales are both used to support the use of micro credit as part of the transition from state-led strategies to a market-oriented policy environment.



The globalization of neo-liberalism is an influencing factor on micro credit programs, which will be discussed in the conceptual framework in the next chapter. It will be shown how this macro context impacts women's practical and strategic needs as they are pressured – in some cases for the first time - to increase their productive economic activity to meet their reproductive responsibilities and survive.

The first section of this literature review traces various influences that have impacted the development of projects aiming to support women's income-earning work under the purview of international development. The development paradigms that I found to be the most useful will be discussed in the next section.

### **Views of Development**

In the literature there are different definitions of the term “development.”<sup>8</sup> According to Beneria (2003) an emphasis on “human” rather than “economic” development reflects a vision of development beyond its material aspects, even though recognizing that these are important for the elimination of poverty and the attainment of acceptable living standards for all countries and social groups (p. 16-17). UNDP (1995) has promoted the notion of human development through its Human Development Reports. Beneria (2003) explains that “a human development approach to development requires the integration of policies taking into consideration both economic and noneconomic factors” (p. 23). In this new millennium the development focus

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<sup>8</sup> Kabeer (2003, p. x) shows that ‘development’ has included projects, processes of social transformation, enhancement of individual choice, equalizing opportunities, redistributive justice, among others.

is on alleviating world poverty (Momsen 2004, p. 9). The empowerment of women and the promotion of gender equality is one of the eight internationally agreed Millennium Development Goals (MDGs). By the end of the twentieth century all approaches to development involving a focus on women had been amalgamated into a gender and development approach (GAD) (Momsen, 2004, p. 12). Because of the complexities of 'development' (Kabeer, 2003, p. x) I will focus on differing perspectives on women and gender issues in development.

### **'Modernization' Paradigm**

In the 1960s modernization theory wrongfully predicted that development would benefit all segments of the population in society irrespective of race, class, or gender (Wilson & Whitmore, 2000). The modernization paradigm did not consider women separately as a group; it was assumed that a modern secular society would automatically improve women's situation by freeing them from the constraints of traditional cultures (Rahman, 1999b, p. 14). The gross national product (GNP) was used to measure "development" and it was widely believed that the benefits of economic growth would 'trickle down' to households (Kabeer, 2003, p. 3). Dissatisfaction with growth-dominated definitions of development led to a reformulation of development goals to take greater account of poverty, distribution and the meeting of basic needs (Kabeer, 2003, p. 3).

The assumptions of modernization theory were effectively challenged by Esther Boserup (1970) in her study entitled *Women's Role in Economic Development* (Rahman, 1999b, p. 14; Ferguson, 1996). Boserup criticized the

modernization approach to development by showing that it had bypassed the needs of women. She argued for women's integration in the development process as equal partners with men. Boserup's work was later criticized on the grounds that she did not question the viability of a "Western" model of development for the poor in non-Western countries (Rahman, 1999b, cites Madhuri, 1992). But, despite criticism, her work highlighted the important role of women in development and contributed to developing a comprehensive overview of women's roles in the development process and successfully sensitized many international donor agencies to their inattention to women in their development programs (Rahman, 1999b).

### **'Women in Development' Paradigm**

The WID (Women in Development) perspective evolved in the early 1970s from a liberal feminist framework calling for greater attention to women in development policy and practice, and emphasized the need to integrate women into the development process (Reeves & Baden, 2000). Inspired by Boserup's work, this subfield of development mistakenly assumed that all women could be emancipated within capitalist development through their incorporation in the public 'productive' sphere, specifically through women's access to an expanding cash economy (Rahman, 1999b, p. 15; Moghadam, 1998, p. 590-591). WID highlighted that women needed to be integrated into development processes as active agents if efficient and effective development was to be achieved (Reeves & Baden, 2000). Moser (1993, p. 56-57)

identifies shifts in women in development policy approaches from welfare to equity, then from anti-poverty to efficiency, and finally, to empowerment.<sup>9</sup>

The first 'Decade of Women in Development (1975-1985)' rallied governments and international organizations to allocate funds for 'women in development' projects. During this period a large number of projects were initiated for women in most developing countries. For the first time there was an interest in the potential of 'credit' as a development tool to contribute to women's productive economic activity. The WID projects tended to focus on women's skill development, while integrating women into income-generating projects, in order to raise household income. A broad objective of such projects was to enhance women's status in the household and society (Rahman, 1999b, p. 15). While involved in income-generating projects, women were educated about family planning and health issues, nutrition, and child health (UNFPA, 1993). The WID development paradigm considers women's development as a logistical problem rather than something that requires a fundamental reassessment of and shift in gender relations and ideology (Rahman, 1999b, cites Rathgeber, 1990, and Tinker, 1990).

This approach of integrating women in development was later challenged by many feminists on the grounds that these projects did not address the question of gender inequality (Moghadam, 1998a). Studies have shown that while some women did increase their income through such projects, there was no change in women's position in terms of power and authority in the household (Beneria & Roldan, 1987). At the same time, many international organizations funding development projects for women in

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<sup>9</sup> It is not possible to discuss all of the features of each approach. See Moser (1993) for greater detail. The 'empowerment' approach will be discussed in the next chapter.

developing countries had their own agenda: to control population growth (Buvinic, 1989; UNFPA, 1993). In order to achieve a reduced population, women were targeted and incorporated in a comprehensive development approach in which income-generation projects became the central issue for women.

Women's income-generating activities continued to evolve over several decades as a component of larger-sectoral development programs.<sup>10</sup> By the mid-1980s disillusionment with income-generating activities began to surface in many international organizations. There was an increasing recognition that the income-generating projects were failing to raise income levels, and in some cases were additionally burdening poor women (Rahman, 1999b, cites Chen, 1989, and Albee, 1994).

By the end of the 1980s many development agencies were avoiding the use of the term "income generating," as it continued to conjure up images of women undertaking marginal economic activities far removed from a new development thrust toward gender issues and women's empowerment. Research provided scattered evidence that an increasing number of women in the South were creating their own jobs in small-scale agriculture, manufacturing, services and petty trade (UNFPA, undated report). Such findings reinforced the idea that the smaller the business the greater the chance of its being owned and operated by a woman (Rahman 1999b, cites Accion International, 1988). Thus, women's inaccessibility to financial services became recognized as a constraint for poor women - and the provision of

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<sup>10</sup> Specifically, in population and child health programs.

micro credit loans became the common “missing piece” in women in development (Rahman, 1999b, cites McKee 1989, p. 995).

### **‘Gender and Development’ Paradigm**

In contrast the GAD (Gender and Development) approach to development policy and practice focuses on the socially constructed basis of differences between men and women and emphasizes the need to challenge existing gender roles and relations (Reeves & Baden, 2000; Rowlands, 1998, p. 15; Moghadam, 1998, p. 590). GAD emerged from a frustration with the lack of progress of WID policy, in changing women’s lives and in influencing the broader development agenda (Reeves & Baden, 2000). There are different interpretations of GAD, some of which focus primarily on gender roles or gender relations approaches. The GAD approaches generally aim to meet both women’s practical gender needs and more strategic gender needs by challenging power relations (Reeves & Baden, 2000).

### **The Aim of Gender and Development**

Gender equality is the aim of gender and development. It does not simply or necessarily mean equal numbers of women and men in development activities, nor does it necessarily mean treating women and men exactly the same. The aim is not that women and men become the same, but that their opportunities and life chances become and remain equal. Gender equality includes the right for women and men to be different. It signifies an aspiration to work towards a society in which women and men are able to live equally fulfilling lives and to equally contribute to designing the society they want.

The advancement of women and the achievement of equality between women and men are matters of human rights and conditions for social justice and should not be seen in isolation as a women's issue. They are the only way to build a sustainable, just, and developed society. Empowerment of women and gender equality are prerequisites for achieving political, social, economic, cultural, and environmental security among all peoples. (CIDA, 1999, p. 4 cites Beijing Platform for Action, Fourth UN World Conference on Women, Beijing, 1995, Paragraph 41).

Beneria (2003) found that “despite a great deal of work and many successes, there is much room for disappointment in what the past three decades have accomplished in terms of improving the lives of all people, and, more specifically, the lives of women” (p. xii). Deteriorating living conditions, increased financial instability, economic insecurity and social tensions are found in many Third World countries (Beneria, 2003, p. xii).

### **Synopsis of International Development Paradigms**

This section explored how three international development paradigms – modernization theory, Women in Development (WID) and Gender and Development (GAD) – have served to influence income-generating programs for women over the past few decades. The modernization paradigm helps us understand the trajectory of micro finance, and the models, assumptions and practices used in micro credit. The way in which development agencies and non-governmental organizations have viewed women's income-generating work, and the way in which they have understood their constraints, is important in this research because my findings challenge the dominant discourse currently being promoted. Because micro credit programs aim to reduce poverty and empower low-income women, these international

development ideas also reflect a parallel political debate in micro finance and feminist theories on how these goals can best be achieved.

The next section will present a critical overview of the micro credit and micro finance sector, and trace the various influences surrounding women's increasing participation in micro credit.

### **C. The Context and Development of Micro Credit Programs**

#### **The History of Informal Credit**

In the micro finance literature there is a consensus that, historically, micro finance services have been rarely accessible to poor people through the formal financial sector (Hulme & Mosley, 1996). This is particularly true for women. Commercial banks have generally assumed that providing very small or micro loans and deposit services to poor people would be unprofitable due to the nature of these transactions<sup>11</sup>. Non-governmental organizations and other “non-bank” financial institutions have led the way in developing appropriate credit methodologies for low-income borrowers, especially women borrowers. Micro finance institutions have been quite creative in developing products and services that avoid barriers that have traditionally kept poor people, especially women, from accessing formal financial services such as collateral requirements, male or salaried guarantor requirements, documentation requirements, cultural barriers, limited mobility, and literacy. Nevertheless, common to nearly all regions of the developing world is a lack of micro finance services – a shortcoming that is documented as limiting the options and lowering the financial security of poor people throughout the

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<sup>11</sup> Small transactions were believed to be unprofitable.



world. Because of this lack of credit, the poor have relied upon informal sources of credit as the most widely used method of gaining access to funds.

Informal credit is the norm in communities where there are no micro finance institutions. It operates on a voluntary basis, with verbal promises to lend and repay. Family members, close friends and distant relatives, as well as neighbours, have all been “sources of credit” at one time or another. Other informal sources have also included the actual “goods and services” exchanged through bartering or other types of trade. It is only recently that credit has become more formalized through micro finance institutions. Promotional material developed by the Micro Credit Summit campaign estimate that the demand for credit worldwide is far from being met, and more initiatives to ‘reach scale’ are being considered.

### **The Evil “Moneylender”**

Throughout history many borrowers have obtained credit from a “moneylender”, but typically, at a very high cost to the borrowers – especially poor borrowers (Robinson, 2001). Moneylenders live locally and know their clients. Their *forte* is being able to offer credit when it is most needed. While serving an important function in the eyes of the poor, who do receive credit, there is a significant cost involved. Moneylenders are known for charging *very* high interest rates, and have earned a reputation for taking advantage of those who can least afford it (Sinha, 1998). Sometimes charging as much as 100% of the loan amount, the literature is rampant with examples of moneylenders taking matters into their own hands when the poor fail to repay on schedule (Versluisen, 1999; Buckley, 1997). Chua and Llanto (1996, p. 9)

discuss another type of moneylender, the pawnbroker, who demands collateral often in the form of jewelery. Pawn loans are made for only a fraction of the assessed value of the item, sometimes less than half the value.

The enduring image of the “evil moneylender” or “loan shark” continues to influence the literature on micro credit by serving as a reminder of the injustice faced by the poor. At the Wissa Wassef Arts Center in Giza<sup>12</sup>, located just outside Cairo, there is a beautiful hand-woven tapestry of a market scene. In the center of the mural, strategically positioned, are three men looking in different directions for potential clients – these are the ever-present moneylenders in the Kerdassa market.

### **The Demand for Micro Credit in the Informal Economy**

The demand for micro credit largely comes from individuals living in households and working in micro enterprises primarily in the unregulated, informal sector of the economy. Numerous studies on the informal economy have identified a number of typical characteristics associated with informal economic activities. These are scarcity of capital, family ownership, small-scale operations, non-legal status, lack of security of business location, unregulated markets, relatively easy entry into markets, irregular work hours, small inventories, use of indigenous resources, numerous risks, and domestic sales of products (Robinson, 2001, p. 11; Rakowski, 1994). Diane Singerman’s (1997) study describes both economic and political informal activities as those that escape licensing, regulation, and even enumeration by the state and thus have an illegal or quasi-legal status. She found that informal

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<sup>12</sup> I visited the Wissa Wassef Arts Center and the Kerdassa market while living in Cairo.

networks and informal institutions seek to avoid the notice of the state, even as they attempt to extract as much as possible from its distributional mechanisms (Singerman, 1997). The demand for micro credit from informal workers has typically been ignored by the formal financial sector, until very recently,<sup>13</sup> due to bias and misperceptions of this category of workers which will be discussed.

Since the 1960s and 1970s the presence of informal micro enterprises – street vendors, home workshops, market stalls – was generally perceived by policymakers and economists to be a result of the formal economy's inability to absorb the national labour force. Thus, governments focused on improving the management of the formal economy to increase its absorptive capacity, and integrating low-income and the unemployed into the formal sector. The result was that the huge informal sector in many countries remained invisible – in government plans and budget, and in national policies. What policies did exist tended to repress or eliminate the sector by removing vendors from the street, by sending urban informal labourers back to their villages, or by turning some into formal workers.

### **Recognizing the Self-Employed in Development**

The importance of self-employment in the informal sector of the economy as an economic development strategy was first recognized in the 1972 study undertaken by the International Labour Organization (ILO) in Nairobi, Kenya (Raheim, 1996, p. 70; Moser, 1994). This study discovered

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<sup>13</sup> The formal financial sector has been self-deterred from financing informal enterprises due to the nonlegal status of enterprises, lack of an authorized business location, unavailability of standard forms of collateral, small size of transactions and perceived riskiness of such businesses.

that micro enterprises were shown to provide an income for poor micro entrepreneurs and create employment. It was found that micro entrepreneurs provided important services, such as recycling and repairing goods, providing cheap food, clothing, and transportation to poor people who would not otherwise be able to live on their salaries<sup>14</sup>. The ILO demonstrated that micro entrepreneurs were able to accomplish all of this despite severe obstacles, since they typically lacked capital, legal status, and business security (Versluyen, 1999). The ILO study reported that micro entrepreneurs exhibited the following strengths: shrewd business sense, long experience of hard work, knowledge of their markets, extensive informal support and communication networks, and a fundamental understanding of flexibility required in the informal economy. It is estimated today that the self-employed comprise more than 50 percent of the labour force in many developing countries (Micro Credit Summit Campaign, 2004).

With this recognition of self-employed workers in the informal sector, it has been argued that the growth of the already large informal sector of the economy was a predictable, rational response to structural adjustment programs in the 1980s (Robinson, 2001, p. 12). Policymakers, in some countries, began to re-examine their approach to informal enterprises, viewing them not as a problem for the economy but as an important solution to crucial aspects of current problems that were caused by poverty and massive rural-urban migration. It was under these conditions that attention began to be paid to improving the legality, security, and financing of informal economic activities. If micro entrepreneurs did not have to face routine removal from

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<sup>14</sup> People employed in the formal sector (receiving low wages) also benefit.

their business locations, confiscation of their goods, constant demand for bribes, detention, and other forms of harassment, they would be more likely to invest in their enterprises – which could then raise incomes and increase employment (Robinson, 2001, p. 13). It also provided an alternative means for unemployed government workers to survive in the aftermath of structural adjustment.

The relevance of this discussion for micro credit programs is that policymakers recognize, for the most part, that the informal sector of the economy is very large, it is here for the foreseeable future, it provides employment and contributes to the economy, and its performance can be improved with the removal of legal and financial obstacles (Versluyen, 1999). Given these conditions, micro finance supporters saw a willingness and an opportunity on the part of policymakers to launch an international campaign to support the self-employed with credit, as will be seen in the next section.

### **International Campaign for Micro Credit**

As presented in the introductory chapter an international micro credit summit, the first privately organized development summit, held in February 1997 pledged to raise more than 20 billion dollars in grants and loans to support micro credit programs intended to reach 100 million poor families around the world - especially the women of those families - by the year 2005 (Micro Credit Summit, 1999; Rankin, 2001, p. 19). The core themes of the Micro Credit Summit Campaign are:

- 1) to reach the poorest,
- 2) to reach and empower women,

- 3) to build financially self-sufficient institutions, and
- 4) to ensure a positive, measurable impact on the lives of clients and their families.

The Micro Credit Summit defines the poorest families in developing countries as the bottom 50% of those living below their country's poverty line<sup>15</sup>. Robinson (2001) argues that the poverty line concept is not directly relevant for micro credit: savers are found on both sides of the official line, and many borrowers below the line are creditworthy, while many above the line are not.

### **Developing Support for Micro Credit in the 1990s**

The development of micro credit programs generated enormous enthusiasm among donors and non-governmental organizations. Non-governmental organizations providing social services through development programs in literacy, health and family planning, created partnerships with micro credit practitioners, or moved to incorporate micro credit training into their programming<sup>16</sup>. The popularity of micro credit projects fits well with the pervasive neo-liberal ideology, which seeks to help the poor “work their way out of poverty” and become more self reliant, generate employment opportunities, and particularly, engage women in economically productive activities (Tadros, 1999, p. 22), which will be further discussed later in this dissertation. Many advocates of micro finance mistakenly believe that credit is a way out of poverty for everyone ‘ready to participate’. Politically, micro credit appeals to the left as being redistributive and a direct approach to

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<sup>15</sup> In the industrialized world, the Summit targets all those who live below the poverty line.

<sup>16</sup> This is the case with Save the Children (USA), the provider of micro credit loans in this study.

alleviating poverty, and also to the right as facilitating the emergence of an independent, self-sustaining “penny capitalism” (Mosley & Hulme, 1998, p. 783). Ehlers and Main (1998) found that micro enterprise development has earned its reputation largely on the basis of the ‘fit’ it produces between capitalist ideology and practice, and neglects the larger infrastructure impinging on women’s ability to earn a living. Reamer (1993) discusses the historical influence of the Protestant work ethic in defining values and virtues surrounding ‘productive work’, which I argue has served as an influencing factor in defining the international context of micro credit.<sup>17</sup> There is a consensus that has emerged among scholars and micro finance practitioners that micro credit can provide a veritable panacea for poverty world-wide (Rankin, 2001, p. 18). This consensus exists in the context of the decisive shift of development practice over the last two decades from state-led to market-led approaches (Rankin, 2001, p. 18-19).

International conferences further support the proliferation of micro credit programs. The World Summit for Social Development held in Copenhagen in 1995 called upon governments and international organizations to support micro credit programs in order to facilitate entrepreneurship for the poor. The international Micro Credit Summit<sup>18</sup> was important in capturing international attention to the concept of micro credit, as well as generating support and financial commitments from government and international donors. A second Micro Credit Summit was organized in New York City in 2002 in order to review progress achieved over the past five years, and several other regional conferences have been organized. Finally, the General Assembly of

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<sup>17</sup> See Drolet (2000) unpublished comprehensive exam.

<sup>18</sup> There were over 2900 participants representing 137 countries at this Summit.

the United Nations adopted Resolution 53/197 declaring 2005 as the International Year of Micro Credit (Micro Credit Summit, 2003).

This unrivalled enthusiasm for micro credit as a tool to end poverty has been questioned in the growing literature. Buckley's (1997) study on micro enterprises in Africa criticizes this uncritical enthusiasm and extensive donor interest in micro finance by asking whether credit really addresses the problems of micro entrepreneurs or merely offers the illusion of a quick fix (p.1081). He concludes that the real problems are more profound and require fundamental structural changes of the socio-economic conditions that define informal sector economic activity (Buckley, 1997, p. 1081).

In considering the extensive literature on micro credit there appears to be a consensus among its critiques that micro credit may be used as a means to reduce poverty and empower women; it is not an end in itself. Micro credit alone does not lead to human development or the elimination of the worst forms of poverty – to do that, it must be deliberately and explicitly linked to the provision of basic social services in a specified context (Gautam, 2004; Versluyen, 1999, p. 224; Buckley, 1997). The way in which micro credit is offered with or alongside other social services is diverse, and will be discussed in the next section.

### **Models and Approaches in Micro Credit Programs**

Micro credit programs are organized in many different ways. There is a broad variety of institutional arrangements and approaches, ranging from small self-help groups with a handful of members to huge organizations that have national coverage and serve millions of clients (Versluyen, 1999, p. 39).



The models used in micro credit are also diverse, in meeting the needs of different populations<sup>19</sup>. The majority of micro credit projects initially receive subsidies to cover their operating and administrative expenses, and, today, most have some plans to become financially self-sufficient at some point in the future. Projects that target the poorest of the poor and offer significant training, or access to health and social services or other supports, are more expensive to deliver and take more time to become financially sustainable. The question of what to offer is debatable among different providers.

There was an increase in the number of micro finance institutions created in the 1990s. Most micro finance programs initially offered government and donor funded subsidized credit, but eventually underwent a *political* transformation to a new institutional form. The trend has been for micro finance institutions to move away from subsidized credit programs to sustainable financial intermediation. In the Middle East and North Africa, many micro finance programs are lodged in larger parent organizations that provide social or charitable services (UNDP, 1999). According to the United Nations Development Program's (1999) Regional Bureau for Arab States' study on "Spinning Off" from an institution, it is documented that "to decrease dependence on donors, achieve growth, and become fully sustainable, a micro finance program should gain access to commercial sources of funds" (UNDP, 1999, p. 1). Critics of the financial self-sufficiency approach document that the needs and perspectives of the poor become secondary to the concerns of reaching scale in order to cover operating and administrative expenses (Mayoux, 2002).

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<sup>19</sup> One of my questions in my comprehensive exams discussed the variety of models and approaches used in micro credit. See Drolet 2000.

There is a debate on the issue of whether micro finance programs can or should be spun off their parent institution, which is raised in this study because Save the Children (USA) began the process in Cairo, Egypt, during the course of this research. Supporters of “spinning off” label this change as a strategic choice – one that makes sense only if it is done in the context of achieving full financial sustainability (UNDP, 1999, p. 1). There are few financially sustainable micro finance programs in the world; most continue to operate with subsidies. Interestingly, in this study, the only known spin-offs in the Middle East and North African region are Save the Children (USA)’s micro credit programs in Jordan, Lebanon and the West Bank and Gaza.

### Summary

This chapter served to provide a comprehensive review of the literature on the relationship between micro credit, women and development, and empowerment. Based on the literature reviewed, and bearing in mind that this study privileges women’s experiences in micro credit, it is important to consider how the interaction of social, economic, political, and cultural influences affect gender roles and practices, which in turn influence women’s ability to use micro credit to suit their needs. In light of this perspective the feminist empowerment paradigm is very helpful in understanding the forces impacting upon women as they negotiate their micro credit loans. The literature on micro finance shows that there are many plausible negative repercussions affecting women’s participating in micro credit, and for this reason impact cannot be assumed. While it is difficult – if not impossible – at this time to measure women’s empowerment, given the existing literature,

researchers are focusing on what women want in their cultural context rather than provide an accurate measurement. Various studies have demonstrated that women's empowerment has different dimensions and levels - some of which are linked to a woman's individual situation and abilities, and others dependent upon her environment. By considering the geographical, political and socio-economic context in Cairo, Egypt, the following chapter will explore the underlying constraints faced by women as they attempt to use their micro credit loans for their own benefit.

### **CHAPTER THREE**

#### **The Geographic, Demographic and Socio-Economic Context in Cairo, Egypt**

##### **Geographical Situation**

Situated in Northeast Africa, Egypt shares borders in the west with Libya, and in the south with Sudan. It is bounded on the east by the Red Sea and on the north by the Mediterranean. The surface area of Egypt is 997,739 square kilometres, of which only 35,190 sq. km is settled and cultivated (UNDP, 2000). About 95% of the land is uninhabitable desert.

##### **Population in Egypt**

Egypt's population of more than 70 million continues to grow at the rate of 1.3 million people per year or 2.17% (UNDP, 2000; State of the World, 2004, p. 170). Nearly 99% of the population lives in the narrow strip of the Nile valley, which runs the length of the country, and in the Nile Delta (UNDP, 2000). Population density in non-desert areas is therefore high, at about 1,381 per sq. km in 1985 (UNDP, 2000). Greater Cairo with more than 13 million inhabitants in 1995 has a population density of over 32,000 per sq. km. (UNDP, 2000, p. 5). Improvements in life expectancy rates have continued in recent years, from 55.3 years in 1980 to 62.5 years in 1990 and, finally, 67 years in 2001 (Brown, 2004, p. 170). During this same period, population density (habitants per square km) has increased from 43.9 in 1980 to 55.7 in 1990 to 69 in 2001, increasing pressure on land and creating

problems in finding secure, accessible and affordable housing (State of the World, 2004).

According to a 1986 census, 94% of the population is Muslim (almost all are Sunnis) and almost 5.9% adhere to the Coptic faith, the indigenous Egyptian form of Christianity (UNDP, 2000). In addition, approximately 50,000 Egyptians belong to other Christian sects (Greek Catholic and Orthodox, Maronite, Protestant, and Syrian Catholic). There is a small and declining Jewish community. Historically, Egyptians have lived harmoniously. Egypt regards itself as a “leader of peace” in the Middle East and took a lead in the now stalled peace negotiations between Israel, Palestine and the Arab community.

### **Historical Overview**

From the conquest of Egypt by Alexander the Great in 332 BC to the Free Officers’ Revolution in 1952, Roman, Greek, Persian, Byzantine, Arab, Ottoman, Mamluk, and the British rule denied Egyptians self-government. (Singerman, 1997, p. 12).

While the struggle against British colonialism in the nineteenth and early twentieth centuries was primarily nationalist, it was also mobilized around the disadvantaged position of the majority of Egyptians in relation to the foreign occupiers (Singerman, 1997). Since the revolution, as a nationalist populist state, Egypt pursued a state-led development strategy and dispensed significant economic and social welfare in education, health care, employment, housing and so on (Bayat, 2000). Yet the oppressive nature of the authoritarian state continues to restrict political participation and the development of civil society organizations (UNDP, 2005b; Bayat, 2000).

Most opposition parties are creations of the state: organized labour, elections, professional groups, political parties, and the bureaucracy are instruments of control and cooptation rather than of participation (Singer, 1997).

Egypt became increasingly integrated into the international economy following two historical agreements, which laid the foundation for a new era during the tenure of President Anwar Sadat: the economic Open Door Policy in 1974 and the Camp David agreements in 1978 (Singer and Hoodfar, 1996, p. xii; El-Baz, 1997, p. 148). These developments also marked an abrupt shift in Egypt's political alliances as the nation withdrew from the Soviet sphere of influence and crafted an economic and military alliance with Western nations, particularly the United States.<sup>20</sup> The Open Door Policy, followed by the implementation of structural adjustment policies, demonstrated a retreat from Nasser's revolutionary social agenda. The old agenda provided free education, free health care, employment opportunities, old-age pensions, and affordable basic food commodities for all Egyptians<sup>21</sup>. However, as the state, under Sadat and his successor, Hosni Mubarak (current president), withdrew from its provisionary role, the economic burdens of the household radically increased, particularly as the inflation rate rose in the mid-1980s and 1990s. The neoliberal policies of the 1990s associated with the International Monetary Fund (IMF) and World Bank (WB) contributed to important shifts in the economy and society, that will be discussed. The

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<sup>20</sup> When the Open Door Policy was announced, the United States did not have a program of military assistance to Egypt (Singer and Hoodfar, 1996). By 1979 U.S. military assistance to Egypt had risen exponentially to \$1.5 billion, and by 1985 had leveled off to \$1.1 billion annually (Office of Military Cooperation, U.S. Embassy, 2001). Egypt has ranked second to Israel as a recipient of U.S. foreign aid, and by 1995 the embassy in Egypt was the largest U.S. embassy in the world.

<sup>21</sup> Subsidies on basic food stuffs such as rice, sugar and cooking oil have been removed, and items such as fuel, electricity and transport subsidies have been reduced (Bayat, 2000, p. 2).

impact of these important socio-economic changes brought about by the free market economy made consumer commodities available and enriched society's upper strata, while it has also increased income disparity (Bayat, 2000). In recent years state provisions have been undermined and poor people must rely chiefly on themselves for survival (Bayat, 2000). It is in this context that women are entering the market and increasing their economic activities supported by micro credit.

### **Poverty, Illiteracy and Unemployment**

The 1997 Human Development Report for Egypt indicated that 23% of Egyptians lived below the poverty line, including 7% who lived in absolute poverty, and 42% of the poor live in urban areas; whereas, 58% live in rural areas (UNDP, 2000). The rate of poverty in rural areas in Upper Egypt was 67% higher than that in urban areas in the same region (UNDP, 2000). About six million Egyptians are "ultra poor" and surviving on an income less than a third of the national average and living on a quarter of a dollar a day or less (Guigale & Mubarak, 1996, p. 2). With respect to illiteracy, population statistics in Egypt indicate that about 39% of the population is illiterate.<sup>22</sup> A survey estimated the unemployment rate, when adjusted for underemployment, to be around 21%, and 85% of the unemployed are between the ages of 19 and 29, most being recent graduates.<sup>23</sup> The unemployment of young people presents many difficulties and has resulted in delays in establishing their own separate families and households because of

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<sup>22</sup> Of this, 37.8% of men and 62.2% of women are illiterate (UN Figures quoted by Kamphoefner, 1996, p. 81).

<sup>23</sup> World Bank Staff Appraisal Document of Social Fund for Development quoted by UNDP, 2000, p. 6.

having to postpone marriage and thus living for longer periods in the family home.

There is a wide gender gap in Egypt in terms of absolute poverty, with poverty significantly more prevalent among female-headed households (43.2%) than male-headed households (34.4%), when using affordability of basic needs of food and clothing as a poverty indicator (Social Fund for Development, 2000). Large disparities between men and women persist in rates of unemployment, earnings, literacy and school enrolment at all educational levels, as well as overall education attainment, and gender-based discrimination in health<sup>24</sup>. Lower-class urban parents often are forced out of economic necessity to choose from among a number of less costly alternatives when providing training for their children (Rugh, 1991, p. 285). The gender gap in education may decrease over the coming years, although when resources are scarce, male education takes precedence over female education (El-Baz, 1997, p. 150). Illiteracy is very unevenly distributed in the Egyptian population, and the lower social value of girls' education causes a high drop-out rate among those who come from poor families (El-Baz, 1997). For example, although illiteracy rates continue to be higher for women than men, the disparity between the two has been shrinking since 1980 (Brown, 2004, p. 170).

There is also a wide gap between the number of men and women possessing identification cards that are necessary for obtaining any social services, accessing formal financial services or engaging in formal sector employment activities.

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<sup>24</sup> The lack of gender-specific health data, and health issues affecting Egyptian women such as widespread anemia, practice of early marriage and adolescent fertility, reproductive health problems and female circumcision, are still pervasive (El-Baz, 1997, p. 153-155).



## **The Political Climate**

According to UNDP's third Arab Human Development Report (AHDR) published in April 2005:

In some Arab countries, the state of emergency has become permanent and ongoing, with none of the dangers to warrant it. What was the exception has now become the rule (e.g. in Egypt, Sudan and Syria). Emergency Laws (or rules of martial law) strip the citizen of many constitutional rights, such as inviolability of the home, personal liberty, freedom of opinion, expression and the press, confidentiality of correspondence, rights of movement and assembly. (UNDP, 2005b)

The authors of the AHDR stress that their concept of freedom encompasses "not only civil and political freedoms (in other words liberation from oppression) but also the liberation of the individual from all factors that are inconsistent with human dignity such as hunger, disease, ignorance, poverty and fear" (UNDP, 2005b).

Undoubtedly, the real flaw behind the failure of democracy in several Arab countries is not cultural in origin. It lies in the convergence of political, social and economic structures that have suppressed or eliminated organized social and political actors capable of turning the crisis of authoritarian and totalitarian regimes to their advantage. The elimination of such forces has sapped the democratic movement of any real forward momentum. (UNDP, 2005b)

## **The Economy**

The Egyptian economy is dominated by the service sector, which including public administration, accounts for half of Gross Domestic Product (GDP). Within this, tourism and the Suez Canal are important areas. Agriculture remains an important economic activity, even though less than 3% of Egypt's area is arable land; 32% of the population earns its living from

agriculture (UNDP, 2000). Most crops are for local consumption but cotton is a major export. Industry and mining account for approximately 17% of GDP and are heavily concentrated in Cairo and the Nile Delta (UNDP, 2000). Petroleum and natural gas are mainstays of the economy accounting for around 10% of GDP (UNDP, 2000). The main urban centers are Cairo, Alexandria, Port Said, and Suez.

The United Nations Development Program's (UNDP) human development index ranked Egypt 109 out of 173 countries (UNDP, 2000). The GDP per capita is \$1,210 (UNDP, 2000). Figures for the 1996/97 fiscal year indicate that real GDP grew by 5.3% and inflation averaged 6.2% (UNDP, 2000). Foreign capital inflows amounted to \$1.4 billion; foreign currency reserves were \$20.3 billion; and external debt was \$28.8 billion.<sup>25</sup> In addition, there is a large informal sector which, although no reliable data exist, may account for as much as 50% of total economic activity (UNDP, 2000, p. 5; Alexandria Businessman's Association, 1996).

### **Structural Adjustment Programs in the 1990s**

In 1991 the Government of Egypt undertook an Economic Reform and Structural Adjustment Program<sup>26</sup> under the supervision of the World Bank and the International Monetary Fund (IMF) to deal with the economic challenges being created by falling oil prices and the gulf war<sup>27</sup>. The intent was to

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<sup>25</sup> Delegation of the European Commission in the Arab Republic of Egypt 1997 annual report, as quoted in UNDP, 2000, p.5.

<sup>26</sup> Since the mid-1970s, Egypt's growing international debt forced the government to implement structural adjustment policies and effectively dismantled the state's important role in providing social amenities, basic food subsidies, education and health care. See Hoodfar (1997) for a discussion of household resource allocations under structural adjustment.

<sup>27</sup> These economic reforms were designed to address declining growth, inflation, deepening balance of payments deficit and large external debt service arrears (Save the Children, 2000, p. 4).

transform the economy from a state-dominated model with a small formal sector and large public sector to a decentralized, market-based, open, outward-oriented economy (Moghadem, 1997), without a strong social welfare system. As a result of The Open Door Policy, followed by the implementation of structural adjustment policies, the State retreated from the most important elements of Nasser's social agenda: providing basic goods and services to the Egyptian people.<sup>28</sup> Numerous studies have documented the negative social impact of structural adjustment on the welfare of the poor and vulnerable groups such as women and children (El-Baz, 1997, p. 149; Moghadem, 1998b). These structural adjustment reforms, plus the government's phase-out of guaranteed jobs to university graduates and the privatization of the public sector companies, have heightened unemployment<sup>29</sup>. Thus, the advent of structural adjustment policies in the early 1990s paved the way for micro finance programs to act in the informal sector of the economy.

Neoliberal economic policies are often said to come with a liberal political structure, although this does not always hold true (Bayat, 2000, p. 2). There are some indications in the region of changes in political openness in civil society institutions (UNDP, 2005b; Bayat, 2000). The spread of the concepts of human rights and political participation, often linked to political and economic diplomacy, has placed economic rights and citizen participation on the political agenda (UNDP, 2005b; Bayat, 2000, p. 3). Further, very

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<sup>28</sup> The most significant of these were free public education, free health care, employment opportunities, old-age pensions, and affordable basic food commodities. See Singerman and Hoodfar (1996) and Rugh (1984). Health and education expenditures were cut back and fees have been imposed. These services have become unaffordable to the poorest people who depended on these public services.

<sup>29</sup> Many public enterprises were required to downsize, privatize, or close completely, with the result that many people lost their jobs.

recently the current Egyptian President Mubarak announced that he will consider holding democratic elections within the next few years.

### **The Social Fund for Development**

The Egyptian Government created the Social Fund for Development as part of the structural adjustment package to help mitigate the negative impacts of reform, to help reduce poverty through supporting employment generation and community development efforts and to provide help to Gulf returnees<sup>30</sup> (Egyptian Businessman's Association, 1996). The Social Fund continues to act as an autonomous governmental institution, working through non-governmental organizations and local communities to provide development opportunities through its five programs: community development, enterprise development, human resource development, institutional development, and public works (Social Fund for Development, 1999). The Social Fund supports the development of a national policy on small and medium enterprises, which affects the operating environment for micro credit programs.

### **Commercial Banks and Micro Credit in Egypt**

Commercial banks in Egypt are generally not interested in lending to the micro finance sector, finding the loans too small and too costly to administer, as is the case in many other parts of the world. For the most part micro entrepreneurs must rely on self-financing or costly informal financing, such as rotating savings and credit schemes (ROSCAs), supplier credits, and local moneylenders (Dhumale, R., Sapcanin, A., & Tucker, W., 1998). A

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<sup>30</sup> Hoodfar (1996) documents the large-scale international labor migration from Egypt to the Arab oil-producing countries as a short-term strategy to generate more cash and improve the household's standard of living.

major exception to this, however, is the National Bank for Development, the only commercial bank in the country that has established a separate unit to provide financing for the entrepreneurial poor (Dhumale, R., Sapcanin, A., & Tucker, W., 1998, p. 2). It has become a major supplier of micro finance services in Egypt and has found that, through slight modifications of their procedures, they are able to manage these new services in a profitable way. Many of the loans issued, however, are inaccessible to poor borrowers because the minimum loan available is far greater than their needs.

### **The Informal Economy**

The informal economy in Egypt is a major absorber of labour and provider of a wide range of goods and petty services. According to a 1994 Labour Force Sample Survey (LFSS), those who were privately employed outside establishments constituted 60% of the total workforce (15-64 years) in urban areas (UNDP, 2000). If you consider members of the workforce under the age of 12, the number is much greater. The majority of the urban workforce in Egypt undertake their economic activities in the back streets and local markets. The vast majority of the labouring classes remain dispersed in the informal urban economy (Bayat, 2000). The Egyptian Government acknowledges the importance of the informal economy and private sector in absorbing unemployment and, at the time of my field research, was developing a national strategy for the promotion of small and medium-sized enterprises. There is neither a public policy framework supporting women's work in the informal sector nor do women receive any type of social services or work

under any form of social or legal protection (El-Baz, 1997, p. 153; Bullock, 1994).

### **Egyptian Labour Market**

The Egyptian labour market is characterized by three distinct features. First, as a result of the lingering policies of state socialism instituted during the Nasserite era (1956-1967) the state and public sector accounted for a very large share of formal employment (low-ranking clerical or blue-collar jobs) available to women. Second, the massive international migration of semiskilled and unskilled male labour to the Gulf oil states brings important cash income to the families of these migrants (Rugh, 1984; Hoodfar, 1997; Singerman, 1997). Third, a very dynamic informal sector absorbs a large percentage of employment in which women participate (Moghadem, 1998b). Historically working-class women's rates of employment have tended to rise and fall in relation to labour market demands and the availability of male workers to fill that demand (Rugh, 1991; Badran, 1996; Moghadem, 1998b). No persistent cultural tradition has been found in Egypt to oppose certain kinds of work for women; rather, opposition to women working comes from changing definitions of what is modest, what is appropriate, and what are the implications of the woman's employment (Brooks, 1995, p. 178; Rugh, 1991). For these reasons, female participation in the labour force remains a controversial issue, particularly for low-income women (Emam, 1998; Moghadem, 1993; MacLeod, 1991). This is related to labour market structures that link the 'productive economy' and the 'reproductive economy'

in a way that operates to the disadvantage of women who carry out most of the work in the reproductive economy (Bell, 2000, p. 10).

### **Women in the Labor Force**

According to the 2000 Demographic and Health Survey, 17 percent of married women aged 15-49 are currently engaged in some sort of economic activity (Mensch, 2003, p. 11 cites El-Zanaty & Way, 2001). In the period between 1988 and 1998, when two nationally representative labor-market surveys were conducted, a substantial decline occurred in wage employment among young women (Mensch, 2003, cites Amin & Al-Bassusi, 2002). During the 1990s a dramatic reduction was seen in female employment (Mensch, 2003). According to national labor-force surveys, the employment rate for all women age 15-64 declined from 25 percent in 1990 to 16 percent in 1995 (Mensch, 2003, cites Assaad et al., 2000). This evidence in the literature demonstrates that Egyptian women's labor-force participation is low in the formal economy.

Because of discrimination against women in the private sector resulting from social norms against certain types of female employment, and from labor regulations regarding maternity leave and working hours that effectively raise the cost of hiring women, the unemployment rate for young women graduates who are eligible for government jobs is high and has increased substantially in recent years (Mensch, 2003). Yet even if women manage to obtain jobs, their attachment to the workplace is not particularly strong for various reasons. According to Mensch (2003) the expense of acquiring the various household amenities for a trousseau has caused girls and their families to view a paying

job as a vehicle for ensuring a desirable marriage. Mensch (2003) found that once married, most girls expect to quit working for wages not only because the goal of marriage has been achieved but because they are pressured to produce a child as soon as possible.

### **Status of Non-Governmental Organizations (NGOs)**

Political parties, independent press, professional syndicates, independent trade unions and NGOS are limited under the authoritarian regime (Bayat, 2000, p. 2; UNDP, 2005b). Dissidents are generally not tolerated and many human rights are violated; judicial independence and citizen participation in political life remains seriously restricted (UNDP, 2005b; Bayat, 2000, p. 2). Although voluntary work has a long history in Egypt, it was only during the Nasser regime that the role of non-governmental organizations (NGOs), private voluntary organizations (PVOs) and local community development organizations (LCDOs) came under scrutiny, since the regime tried to undermine both independent welfare and political activities (Al-Ali, 1997, p. 177). Moghadem's (1997) defines NGOs to broadly describe the various organizations that have emerged outside the purview of the state – although some may have links to state agencies and are registered under varying regulatory codes.

Most NGOs in the Middle East are divided into four types, based on the rationale, philosophy or impetus behind their activities: religiously motivated, classical welfare associations, professional NGOs and state-sponsored NGOs (Bayat, 2000, p. 30). Bayat (2000) describes these forms as follows:



The religiously motivated associations are organized by mosques and Islamic figures, or by churches and Christian networks. They are inspired by religious obligations or religious-political factors. Classical welfare associations, run mostly by upper-class families, have now incorporated some “developmental” functions, such as income generation, training and community upgrading. Professional NGOs are managed largely by upper-middle class professionals and at times by development experts who are driven by their training and humanistic urge, or simply by material self-interest. And finally, there is a host of state-sponsored NGOs – such as Egyptian community development associations – which are effectively an extension of the state. All together, these four types of NGOs are active in the diverse fields of human rights, women’s issues, welfare, culture, business and development. (p. 30)

Bayat (2000) further describes the context of NGOs,

Apart from their internal problems (paternalism and administrative inadequacy), government surveillance poses a real obstacle to the autonomous and healthy operation of NGOs. In general, as with grassroots associations, the state expresses a contradictory position toward NGOs. They lend them support on the condition that the NGOs reduce some of the state’s burdens of social service provisioning and poverty alleviation. Yet, the governments also fear losing political space, especially when NGOs turn oppositional. The professional associations are often drawn into politics, compensating for the absence or inadequacy of political parties. Consequently, the government, while permitting associational life, impose strict legal control by screening initiators, monitoring fundraising, and unilaterally outlawing non-conformist NGOs. (p. 30)

A number of restrictive laws regulate the establishment of voluntary groups, associations and organizations under the auspices and supervision of the Ministry of Social Affairs. Al-Ali (2002) illustrates that public meetings, rallies and protest marches must be approved by the Interior Ministry, and the Ministry of Social Affairs is authorized to license and dissolve any “private organization” (p.12). The level of control varies, depending on the political climate. The law of association, in particular, restricts many activities.

The majority of micro credit programs in Egypt are organized by NGOs, and it has been found that Egypt has the largest number of NGOs in the Middle East (UNDP, 2000; Moghadem, 1997, p. 25). Law 32<sup>31</sup>, enacted in 1964, still in effect today, was formulated to organize and categorize the various activities carried out by all voluntary organizations. These laws oblige community organizers and activists to operate either as informal groups or as officially registered organizations, and were designed to limit and regulate NGO activity. For example, the delivery of micro finance services is limited to the provision of micro credit; savings cannot be collected because of Law 32, which prohibits the mobilization of savings by NGOs.

### **Controversies and Social Change**

The arrival of liberalization and marketization in the Middle East during the 1980s brought about important socio-economic changes. The use of coping strategies and massive urban cost-of-living protests were early reactions to aspects of neoliberal policies during the 1980s, as in Egypt, Lebanon, Morocco, Sudan and Tunisia (Bayat, 2000). The urban uprisings seem to have given way in the 1990s to institutional methods of dealing with austerity (Bayat, 2000). While trade unions only represent a fraction of the total workforce, with most labourers working in the informal economy, community concerns are not linked to the workplace. Informal networks (or collective actions) tend to take place in the community or neighbourhood,

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<sup>31</sup> Law 32 restricts the formation and activities of voluntary organizations with regard to their fields of activity, number of members allowed, number of organizations within a particular region, record keeping, accounting and funding (Al-Ali, 1997, p. 191). Law 32 also gives the government authority to intervene by striking down decisions by the board of directors or even dissolving the entire board. The law itself has been the object of a human rights campaign in Egypt (Al-Ali, 1997; El-Baz, 1997).

rather than the workplace, because most people are facing the same challenges of day-to-day living: finding secure housing, being able to pay rent, acquiring urban amenities, and having adequate schools, clinics, cultural centres and the like (Bayat, 2000). However, community activism in the form of urban social movements is rare in the Middle East (Bayat, 2000). The prevalence of authoritarian and inefficient states, the legacy of populism, and the strength of family and kinship ties render primary solidarities more pertinent than secondary associations and social movements (Bayat, 2000; Hoodfar, 1996). Bayat's theory of quiet encroachment is very useful in understanding how women view their possibilities and potential for social change.

### **Bayat's "Quiet Encroachment of the Ordinary"**

Asef Bayat's (2000) study on activism in the Middle East focuses on the socio-political and economic conditions that he characterizes as the "quiet encroachment of the ordinary." It is defined as:

... a pervasive strategy consisting of non-collective direct actions of individuals and families to acquire basic necessities (land, shelter, union collective consumption, informal jobs, business opportunities) in a quiet, unassuming, and illegal, fashion. Through direct action, grassroots groups and their middle-class supporters make themselves heard – they create realities on the ground that the authorities sooner or later have to come to terms with, adjusting their policies accordingly. This "pressure from below" in the Middle East is highly relevant to social development." Yet, grassroots activities do have limitations – both in terms of internal constraints on how much can be realistically achieved, and in relation to constraints dictated by the state. (Bayat, 2000, p. ix-x)

This kind of quiet activism challenges fundamental aspects of the state.

The most immediate consequence is the redistribution of social goods via the (unlawful and direct) acquisition of: collective consumption (land, shelter,

piped water, electricity); public space (streets, intersections, parking arenas); and opportunities (favourable business conditions, locations and labels) (Bayat, 2000, p. 35).

Bayat (2000) illustrates how “quiet encroachment” is used by the poor in obtaining resources, especially housing.

For example, millions of rural migrants and the urban poor in Egypt have quietly claimed cemeteries, rooftops and public/private lands on the outskirts of the city, creating large autonomous communities. Greater Cairo contains over 111 spontaneous settlements, which house more than six million people who subdivided agricultural lands and put up their shelters unlawfully. Throughout the country, 344 square kilometres of land has undergone occupation or illegal construction, mainly by low income groups. Between 1970 and 1981, some 84 percent of all housing units were informally built (Bayat, 2000, p. 35).

Bayat explains how the government has mixed feelings about quiet encroachment. On one hand, they see the people helping themselves by building shelters, gaining access to services and creating jobs. On the other hand, they realize that these activities are carried out largely at the expense of the state, private property owners and the general public. Equally important, the poor tend to “out-administer” the authorities by establishing a different public order, acting independently, and often tarnishing the image of modernity the nation seeks to portray (Bayat, 2000, p. 36). Yet the encroachments are tolerated in practice so long as they appear limited, but once they go too far, governments often react (Bayat, 2000).

Thus, Bayat (2000) explains that quiet encroachment is not the politics of collective demand making, of protest, but rather a *cluster of individual direct actions*. It is accentuated under the socio-political circumstance characterized by authoritarian states, populist ideology and strong family ties.

The authoritarian bureaucratic states render collective demand making both risky (because of repression) and less effective (owing to bureaucratic inefficiencies); populism tends to obstruct the public sphere and autonomous collectivities, making primary loyalties the more functional mechanism of survival and struggle (Bayat, 2000). The poor manage to bring about quiet and individually significant changes in their lives, urban infrastructure and social policy. While this kind of activism represents lifelong, sustained, and self-generating advancement, it is largely unlawful and involves risk of harassment, insecurity and repression (Bayat, 2000). It has the advantage of flexibility and versatility, but falls short of developing legal, financial, organizational, and even moral support (Bayat, 2000). The challenge of merging the mobilization element of quiet encroachment, the institutional capacity of NGOs and the consent of the authorities is an issue in micro credit. The grassroots may be able to secure many necessary provisions, jobs and urban services, but how can they obtain schools, public parks, health insurance and security at home and work, which are linked to larger structures and processes (Bayat, 2000). The task of social development cannot be left to initiatives from below, as the state retains a crucial role in distribution matters on the larger scale (Bayat, 2000, p. 38). Bayat's findings are useful in this study because of the structure of collective demands for empowerment.

### **Women in the Middle East**

Contrary to popular stereotypes, the Middle East is not a uniform and homogenous region. There is no archetypal Middle Eastern woman, but rather "women in the plural, inserted in quite diverse socioeconomic and cultural

arrangements” (Ali-Ali, 2002, cites Moghadem, 1993). Many scholars have argued, however, that the diversity in the Middle East is underpinned by a certain shared understanding of gender as a social category. Current discussions on women in the Middle East continue to evoke Islam as a guide to gender organization – but Islam is lived heterogeneously (Al-Ali, 2002, p. 2).

### **International Conventions**

Despite a recent increase in Islamic forces within the contemporary Egyptian state, there has been an increasing pressure on the Egyptian government to adhere to United Nations conventions concerning women’s rights (Al-Ali, 1997, p. 180). The influence of the international community became more pressing during the preparations for the United Nations International Conference on Population and Development (ICPD) in Cairo in 1994 and the International Women’s Forum in Beijing in 1995. However, only eight Arab countries (including Egypt) have signed the United Nations Convention on the Elimination of All Forms of Discrimination Against Women, but with reservations that impede implementation (Moghadem, 1997, p. 44; El-Baz, 1997, p. 155).

### **Status of Women in Egypt**

The status of women in Egypt is influenced by the state’s ambiguous role toward women’s organizations; the growth of civil society and the severe restrictions on it (Law 32); international pressures and expectations, particularly on the part of donor organizations; and the increasing influence of

Islamist constituencies (Al-Ali, 2002). Saadallah (2001) discusses important elements affecting and shaping the status of women in Muslim societies; these include the role of factors such as Islam as a religion and faith, Islamic and historical memory, the development of Islamic resurgence and emergence of political Islam, the process of Islamization at the societal level, and also the intrinsic compounds and dynamics of patriarchy (p.114).

Many studies on the status of women in Egypt begin their analysis with women's participation in the 1919 revolution and the subsequent rise of feminist activism associated with Huda Sha'rawi and the Egyptian Feminist Union founded in 1923 (Al-Ali, 2002, p. 5). The feminist agenda called for political rights for women, changes in the personal status laws (especially for controls on divorce and polygamy), equal secondary school and university education, and expanded professional opportunities for women.<sup>32</sup> In the late 1940s and the early 1950s, Egyptian bourgeois women were joined by the middle class in forming new organizations that were to become increasingly vocal about the need to integrate women in the different professions (Hatem, 1994, p. 41).

The idea of "state feminism" developed as a direct response to the continued intense lobbying by numerous feminist organizations and figures of the 'new state'.<sup>33</sup> Despite its initial resistance to the feminist agenda put forward by this group, the 'new state' quickly realized that the adoption of the general demand for increased public integration of women in the different arenas helped distinguish it from the ancient regime (Hoodfar, 1991). This move helped to establish the state's socially progressive character and gained

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<sup>32</sup> For a full discussion of the Egyptian women's movement see Al-Ali (2002).

<sup>33</sup> The new state was formed by free officers who, in 1952, overthrew the monarchy that had ruled Egypt since the beginning of the 19<sup>th</sup> century.

the support of somewhat critical bourgeois feminist organizations (Hoodfar, 1991). State feminism became an important aspect of development policies, which contributed to Egypt's socialist transformation in the 1960s. Policies designed to bring a change in women's legal status were initiated and implemented (Hatem, 1994, p. 42). The new 1956 constitution gave women the right to vote, reaffirmed their right to education and their right to work outside the home (Al-Ali, 1997, p. 191; El-Baz, 1997, p. 158). New laws encouraged women's employment and protected them against unfair treatment in the marketplace, and important gains were made by women in employment, education and health.<sup>34</sup> The political ideology urging women to participate in the labour market continued to take their domestic contributions for granted. The state considered women's domestic responsibility unproblematic, merely an extension of their biological function. There was little attempt to facilitate the combining of work and home responsibilities, which continues to be an issue today.

### **The Personal Status Laws**

Relevant to women's position in society are the "Personal Status Laws" which regulate marriage, divorce, child custody and inheritance. The state reinforces woman's subordinate position to that of the man in the legal system. These laws remain one of the most contested and sensitive issues for a wide range of political forces in Egypt, as well as in the Middle East, at different historical moments. Under the influence of the president's wife, Jehan Sedat proposed to reform the Personal Status Law (governing marriage,

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<sup>34</sup> See Hatem (1994) for a full discussion. Hoodfar (1991) shows that the gains were impressive even in comparison with those made by Western women.



divorce, custody). The reformed law, labelled *Jehan's Law*, granted women legal rights in marriage, polygamy, divorce and child custody; it was implemented in 1979. However, during the Sadat period, much like under Nasser, women basically lacked independent representative organizations of their own and were dependent on the regime's particular needs (Al-Ali, 2002, p. 8). Despite the progressive laws of 1979, the state lacked an overall program to ensure women's rights and did not encourage independent feminist activism.

Under Hosni Mubarak, the Personal Status Laws were amended in 1985 due to strong opposition from the Islamists who perceived it to be anti-Islamic. The revised law abandoned many of the rights that women had attained in the earlier version (Al-Ali, 2002, p. 9). A strong women's lobby used the 1985 Nairobi Conference to protest and pressure the government to reformulate the law. Two months after its cancellation (just prior to the Nairobi Conference), a new law was passed that restored some of the benefits the 1979 version had provided.

The increased confrontation with the Islamists over the implementation of the *Shari'a* pressured the Mubarak regime to legislate and implement more conservative laws and policies toward women and to diminish its support for women's political representation. According to Saadallah (2001, p. 121) attempts to limit issues concerning women to the private sphere is partly connected to a conservative stance against modernism.

### Islam, Women and Feminism

A growing number of Muslim women have written about themselves and about Islam, seeking to interpret the faith for themselves within a feminist framework. In contrast to an earlier generation of Arab women activists, influenced by socialist and secular thought, these women consciously choose to identify themselves as Muslims (Cooke, 2001). This has meant a re-reading of the corpus of Islamic texts, going straight to the *Qur'an* and to the *Hadith*. Writers such as the Maghrebi activist scholars Assia Djebar and Fatima Mernissi and the Egyptian novelist Nawal el Saadwi have sought to advance women's rights by working within Islamic traditions, recognizing that to ignore religion in deeply religious Muslim societies is self-defeating. On the other hand, Muslim women who are deeply involved in Islamist groups, such as the Egyptian Zaynab al-Ghazali, are working for a more visible role for Muslim women in the public sphere based on a new vision of what it means to be a Muslim woman, one who is true to her faith and, at the same time, capable of playing a role as an active citizen (Cooke, 2001).

Islamic feminists believe that the only feasible way to reach Egyptian women and Egyptian men is to reinterpret Islam by stressing women's rights within the framework of Islam (Al-Ali, 1997; Omran, 1992). Many international organizations, including United Nations agencies, have adopted a similar approach. Saadallah's (2001) examination of the literature on secular, Muslim and Islamist feminism in contemporary Muslim societies argues that the call issued by Islamic feminists does little to limit the injustices and power imbalances resulting from gender inequalities between the sexes (Saadallah, 2001, p. 123).

Islamist movements represent a significant means through which some disadvantaged groups survive hardship and better their lives. These movements contribute to social welfare not only by direct provision of services and assistance to the needy; they also tend to compel rival social groups and institutions, such as state agencies and secular NGOs, to do the same (Bayat, 2000). Despite these contributions, Bayat (2000) is doubtful that Islamism can mobilize at a grassroots level for social development. “Its religious exclusivism, discrimination against secular forces and religious minorities, as well as women who conform to Islamism, defeats any idea of free participation” (Bayat, 2000).

In this section several influences (historical, religious, legal, cultural) at various levels (both national and international) are identified that continue to affect the gender-ascribed roles of men and women in Egypt. In the literature numerous traditions and cultural practices are shown to affect the position of Egyptian women, which are not actually rooted in Islam per se (Al-Ali, 2002, p. 2). The Egyptian government has signed various international conventions that invoke promises to improve women’s status in society. However, while Egyptian women have made some important gains, such as lifting barriers to women’s employment, it is possible to trace how women’s rights have also been rescinded due to various political forces. While many religious and diverse interest groups have developed social services and assistance programs to meet the need of the poor, we are also reminded of the government’s role in continuing to ensure an equitable social development for all Egyptians.

### Marriage and the Family

Anthropological field research in Cairo has revealed that marriage and the family form the basis of households in Egypt (Hoodfar, 1996, p. 3; Singerman, 1997; Rugh, 1991; Badran, 1996; Wikan, 1996; Mensch, 2003). It is rare for individuals to form a household outside of family, kin, or marriage relations (Shorter & Zurayk, 1988). Supporting this is the fact that the rights and obligations of husbands and wives, within marriage, are defined by Islamic law. A Muslim marriage gives a wife the unconditional right to economic support from her husband regardless of her own financial resources. Hoodfar (1996) found that Egyptian wives who remain in control of their property, including inheritance or earned income, and their rights have a profound impact on the way in which women assess labour market opportunities and the management of their wages (p.4). In the case of divorce, the former wife is only entitled to three months' alimony and to those possessions which she brought with her at the start of the marriage or those she acquired with her own income, as well as any portion of her *mahr* which is due to her<sup>35</sup>.

#### The *Mahr*

The *mahr* is a sum of money or durable property, which according to Islamic practices, a husband agrees to pay to his bride at any time prior to or during the marriage or upon divorce. In return for the unconditional economic support of his family, a husband has certain rights within the marriage, the most important of which is the right to restrict his wife's physical mobility,

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<sup>35</sup> Until last year, it was only possible for men to initiate divorce. The New Status Law (1999) now gives women the right to divorce, but they must relinquish any entitlement to alimony.

which has often been interpreted as the right to prevent his wife from working outside the home (El-Baz, 1997). He also has the unilateral right to end the marriage without the consent of his wife. And in the case of divorce, the husband has custody of the children.

Recent legislation has curtailed some of these rights (Badran, 1996). Cultural practices such as cross-cousin marriages and sizable sums of *mahr* have evolved to protect women and counterbalance these unequal rights in divorce. However, the relatively low incidence of divorce in Egypt, particularly after children are born, suggests that Egyptian culture does not favour or respect divorced women (Badran, 1996).

The 'traditional' Muslim marriage is viewed as a contract whereby a man is responsible to provide financial support for his family (Rugh, 1991, p. 276). This view of marriage is strengthened by the modern capitalist ideology in which a man is regarded as the primary "breadwinner", responsible for paying the rent and for providing a household allowance (Kamphoefner, 1996, p. 89). These gender-ascribed roles in marriage are not only a tenet of Egyptian beliefs, but one of the major factors shaping modern family legislation (such as the Personal Status Laws) in Cairo (Badran, 1996).

The appropriate selection of a spouse continues to be critically important for Egyptian families who wish to consolidate the family's social status and ensure the suitability of the couple (Mensch, 2003). The marriage selection process usually involves parents, older siblings, and other relatives, in addition to the couple (Mensch, 2003). Family members are normally familiar with the prevailing norms concerning the qualities of a "good" husband or wife. The term in Arabic, *mu'adab(a)*, encapsulates a range of

attributes relating to norms of proper social interaction in the family and community (Mensch, 2003).

### **The Right of *Khul'***

Women received the right to *khul'* (divorce) their husbands in Egypt in 2001 during the period of my field research. *Khul'* is defined as “the right to get divorced by court order on condition the woman forgoes many of her financial entitlements” (Tadros, 2002d). Women’s right to *khul'* provoked great debate in Egypt, as it was perceived to challenge men and women’s roles in society. In theory *khul'* allows the wife to initiate divorce and to buy her freedom – although she must relinquish some of her financial rights, such as *mo'akhar* (a sum agreed upon by both parties to be paid to the wife in case of divorce), the alimony and any gifts that were given to her by the husband. The law, which forms part of the Personal Status Laws regulating marriage in Egypt, was appealed unsuccessfully. Media reports claimed that the court’s decision was a victory for human rights, women’s rights, and for all those working for social progress in this country (Tadros, 2002d).

One of the most important aspects about the *khul'* law is that “it is believed to reinstate a balance of power within the family between husband and wife, so it’s no longer a situation of master and handmaiden. Now [with *khul'*] both have the right to end the relationship – not just the man.” However, given that women must forego all (or nearly all) of their financial rights, many have questioned whether the government is really serious about removing the legal forms of discrimination between men and women.

According to Azza Soliman of the Centre for Egyptian Women's Legal Assistance, the government is averse to addressing the real sources of injustice, which are inherent in the Personal Status Law, rather than simply the procedural law (Tadros, 2002c). In January 2003 Tahani El-Gebali was selected as the first woman judge in Egypt; she commented to the press on the general status of women, "acceptance will only come by women proving themselves" (Elbendary, 2003).

### **Women, Gender Roles and the Household**

Egypt is a society that is characterized by distinct and often segregated roles for men and women (Mensch, 2003, p. 8). As in other Middle Eastern societies, Egyptian males are presumed to be authoritarian in their relations with women, to uphold the segregation of gender roles, to take control of fertility decisions, and to maintain emotional distance from wives and children (Mensch, 2003, p. 8). The conventional view of gender relations is one in which women are generally submissive to men and are confined by social norms to roles within the family (Mensch, 2003). Compared with men, women are believed to display more warmth and emotionality (Rugh, 1984).

Traditionally, men considered it shameful for their wives to work, but this is less true today, with additional income becoming essential. Yet, despite these socio-economic shifts, the power base for lower-class women continues to be in the household. The Egyptian house is not "a man's castle", it is the woman's (Kamphoefner, 1996, quotes Early, 1993, p. 67). Women control the home, which is their primary locus of activity, the arena for their socio-economic status, and the source of their respect within the community.

According to MacLeod (1996, p. 38), women's unpaid domestic work in the household and cash-earning 'productive' work taken together leaves women's labour largely unappreciated. The tendency to disregard women's roles and contributions in the household is based on the assumed split between, and gendering of, public and private domains (Al-Ali, 1997, p. 189). The reality that many women prefer the idea of quitting work and staying at home, if they could afford this move, is quite reasonable given the social context (MacLeod, 1996; Emam, 1998).

Rugh (1984; 1991) demonstrates that traditional married women were known to manage the household, care for the children, and budget the allowance that their husbands provided to meet all the household needs. The "ideal" of complementary gender roles (Emam, 1998) is severely strained by today's reality facing the Egyptian economy (Rugh, 1991; Kamphoefner, 1996, p. 89). Supporting a family when prices are constantly on the rise often means that a husband must work two or three jobs. Even then, the income is often insufficient to support the household. Consequently, many lower-class women must work. This changing economic context has had an impact on society's attitudes towards women's cash-earning roles.

Further, to be a breadwinner is not viewed as a social achievement for Egyptian women (Rugh, 1991). The relationship of complementarity has been the goal - now women are entering men's economic work realm and men who cannot fully provide for their families feel diminished (MacLeod, 1996, p. 39). Women are caught in a double-bind as they perform multiple roles (Emam, 1998). Research undertaken in lower-class neighbourhoods reveals that a woman's decision to work is determined to a large extent by the extremity of



her need (Rugh, 1991, p. 280) or due to economic necessity (El-Baz, 1997, p. 153). Working does not usually reduce the housework load unless children can assume some tasks (Rugh, 1991).

A working woman usually shops on her way home from work when produce is not so fresh; she must cook in the evening for the next day; she must wake up early to clean her house and get her family off to their activities; she spends her one day of holiday doing the laundry – short cutting conveniences are not readily available in Bulaq, and poor families cannot afford them (Rugh 1991, p. 277-78).

Women often participate in informal economic activities that will not disrupt their domestic responsibilities such as sewing, raising poultry, cooking or shopping for neighbours (Rugh, 1991, p. 277). According to Bruce and Dwyer (1988, p. 5), women's central impetus is to attain a better life for their children, which explains the allocation priorities they apply to their own income and other income that they control.

### **Conclusion**

It is evident from this review of the literature spanning the geographical, demographic and socio-economic characteristics in Cairo, Egypt, that there are many influences affecting women's ability to earn an income through economic activities supported by micro credit, and to become empowered. As Beneria (2003, p. ix) demonstrates women's issues cannot be isolated and separated from the socio-economic and cultural contexts in which they are immersed.

For more than fifty years international development programs have sought to bring about a change in women's economic status. This thesis challenges the conventional view that credit is a panacea to end world poverty;

credit can no longer be considered the missing piece in development. While micro credit has the potential to increase women's economic empowerment, and initiate virtuous spirals for some, women's empowerment cannot be assumed. There are many forces influencing women's ability to negotiate their micro credit loans, and the feminist empowerment paradigm allows us to reconsider and redefine women's needs in this context. The development of micro credit as a tool to reduce poverty and to empower women must also be considered within an international environment characterized by neo-liberal market capitalism and the redefined role of the State (given structural adjustment programs), as well as national policies designed with limited political participation, lack of freedom, and a highly restrictive environment.

Despite the legal, customary, social and economic barriers, and in keeping with Bayat's (2000) quiet encroachment of the ordinary it is remarkable the different individual ways poor women strive to improve their situation. For this very important reason, it is time that women be asked what it is they want. By doing so, planners and researchers can better comprehend women's situation, and how they view their options and choices in a given cultural context. What follows is a cluster of individual direct actions (supported by micro credit) that allows us to understand women's relationship to micro credit, poverty reduction, and empowerment, and how women are constituting a force for greater socio-economic change in Egypt. The next chapter outlines the conceptual framework that will be used to comprehend and analyze the data generated on women's experiences.

## **CHAPTER FOUR**

### **Conceptualization of Gender**

The development process affects women and men in different ways (Momsen, 2004, p. 1). While women's access to micro credit has increased substantially in many parts of the world, their ability to invest in and benefit from this access is often still limited by the disadvantages they experience because of their *gender*. The concept of "gender" is defined as the socially acquired notions of masculinity and femininity by which women and men are identified (Momsen, 2004, p. 2). It is a widely used, and often misunderstood term, being conflated by sex or used to refer only to women (Momsen, 2004, p. 2). Gender is a concept created by society, and varies from society to society and changes over time. Yet for all societies the common denominator of gender is female subordination, although relations of power between men and women may be experienced and expressed in quite different ways in different places and at different times (Momsen, 2004, p. 18).

The concept of gender in the development context, and particularly in micro credit, is important for several reasons. As discussed in the literature reviewed on development discourses, there was a shift from a focus on women to one based on gender (Momsen, 2004, p. 19). Inspired by Boserup's (1970) work, a new subfield of development – Women in Development (WID) gradually emerged. Debates over women's development in the 1970s and 1980s influenced government and nongovernmental policy and programming. The WID approach of integrating women in development was challenged by many feminist thinkers on the grounds that these projects did not address the question of gender inequality and relations of domination and subordination

(Beneria and Sen, 1982). This shift is the result of attempts by feminist scholars and some development practitioners to bring the power relations between women and men into the picture (Kabeer, 2003, p. xii). It is also the result of development policies and programs having been identified as having a negative impact on women, and in some cases, worsening their condition. The problem with relying on ‘women’ as the analytic category for addressing gender inequalities in development was that it led to a focus on women in isolation from the rest of their lives and from the relationships through which such inequalities were perpetuated (Kabeer, 2003, p. xii). The implication was that the problem – and hence the solution – concerned only women (Kabeer, 2003, p. xii). Buvinic (1989) clearly demonstrated that international organizations that funded development projects for women in developing countries had their own agenda. In the late 1980s scholars began to call for a new approach to women’s development. Studies on growing poverty and on global patriarchy have contributed to the emergence of a new discourse that uses the concept of Gender and Development (GAD) instead of Women in Development (WID) (Rahman, 1999b, p. 16-17). Although the terminology of gender, and its accompanying terms (such as gender roles and gender relations) has been widely adopted in the development context, its implications have not always been fully worked through (Kabeer, 2003, p. xii).

Women and men have different needs and priorities, face different constraints and have different aspirations because of their gender (Momsen, 2004, p. 8). Moser (1993) states that “because women and men have different positions within the household and different control over resources, they not only play different and changing *roles* in society, but also often have different

*needs*” (p. 15). The underlying conceptual rationale of this framework lies in this gender *role* and *needs* differentiation, developed by Carolyn Moser (1993). While it is important to define certain basic concepts that will be used throughout this study, I have chosen to focus on the operational use of these concepts in the micro credit development context as they assist in understanding women’s experiences based in an applied micro credit program. While micro credit loans are designed to support women’s production, they do not recognize the important role that women continue to play in reproduction, which is vitally important to the household in Cairo, Egypt. Moser’s (2003) analysis using gender *roles* and *needs* is very useful in understanding the social dimensions of micro finance and influences affecting women’s experiences in micro credit, which is the research objective of this study.

### **Women’s Triple Roles**

Moser (1993, p. 27) conceptualizes women’s work as having a ‘triple role’ to draw attention to the way in which the gender division of labour<sup>36</sup> places a range of demands on women’s time and impacts their ability to participate in interventions (Miller & Razavi, 1998). The ‘triple roles’ schema encompasses three dimensions: production, reproduction and community management.

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<sup>36</sup> The “gender division of labour” refers to the different work that women and men generally do within the community or inside the home (CIDA, 1999, p. 16). By examining the gender division of labour it becomes evident that women’s and men’s tasks are interdependent, and that women generally carry the greater burden of unpaid work in the home and community (CIDA, 1999, p. 16).

## **Reproductive Work**

Moser (1993) explains the term as follows:

The reproductive role comprises the childbearing/rearing responsibilities and domestic tasks undertaken by women, required to guarantee the maintenance and reproduction of the labour force. It includes not only biological reproduction but also the care and maintenance of the workforce (husband and working children) and the future workforce (infants and school-going children). (p.29)

Moser (1993) explains that women's reproductive role is characterized by women's ability to bear children (also known as biological reproduction). She uses the term 'reproduction of labour' to include "the care, socialization and maintenance of individuals throughout their lives, to ensure the continuation of society to the next generation" (p.29). Moser (1993, p. 20) clarifies that this daily renewal and regeneration of the labour force has been termed 'daily' or 'physical reproduction' or 'human reproduction'. It is these processes that the term 'reproductive role' refers to throughout Moser's gender analysis<sup>37</sup>.

## **Productive Work**

Moser (1993) describes the term as follows:

The productive role comprises work done by women and men for payment in cash or kind. It includes both market production with an exchange value, and subsistence/home production with an actual use-value, but also a potential exchange value (p.31).

Throughout the Third World most low-income women have an important productive role (Moser 1993, p. 31). Nevertheless, the rigidity of gender divisions of labour has ensured that although this is the one area in

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<sup>37</sup> Moser (1993) claims "it is important to distinguish this term from 'social reproduction' which includes far broader processes by which the main production relations in society are re-created and perpetuated" (p.29).

which both men and women work, they do so unequally (Moser 1993, p. 31).

Productive work is broadly defined as a task or activity which generates an income and, therefore, has an exchange value, either actual or potential (Moser, 1993, p. 31). It includes work in both the formal and informal sectors, as well as in family enterprises (Moser, 1993, p. 31). Women's 'productive work' will be used in this analysis to include their participation in income generating activities supported by micro credit, given that their purpose is to generate a marketable good or service to earn or generate an income.

While many feminists have argued that the 'reproduction of labour' involves several productive tasks, they claim that reproductive work is also productive. While it is often difficult to distinguish between productive and reproductive work, it is possible to do this on the basis of the law of value (Momsen, 2004). Reproductive work has use-value to meet family subsistence needs, while productive work generates exchange-value, usually cash income. Empirically this separation is very difficult to make as, within the domestic sphere in which most women work, both categories of tasks are interrelated and enmeshed in a totality of female activities. Any one task may have both use- and exchange-value at different points in time. For example, women's cooking could be used for reproduction or production, depending upon whether it will be eaten by the family or paid for by a customer. Yet, despite this difficulty, it is analytically useful to accept this division within this framework through which to analyse women's experiences in micro credit activities. Lastly, as Moser (1993) explains "the purpose of distinguishing between women's productive and reproductive roles is precisely to highlight the multiple forms of women's work" (p.32).

### **Community Managing**

Moser (1993) clarifies the term as follows:

The community managing role comprises activities undertaken primarily by women at the community level, as an extension of their reproductive role. This is to ensure the provision and maintenance of scarce resources of collective consumption, such as water, health care and education. It is voluntary unpaid work, undertaken in 'free time' (p.34).

It is important to recognize this form of work, as an activity in its own right, given the economic climate where low-income households are increasingly resolving community-level problems through self-help solutions (Moser, 1993, p. 34). Precisely because women are organized into micro credit lending groups, and engage in neighbourhood-level activities, it is important to grasp the meaning of this type of work.

'Community managing' is the term used to define work undertaken at the community level, around the allocation, provisioning and managing of items of collective consumption (Moser, 1993, p. 34). The fact that women, in their acceptance of the gender division of labour, see the house as their sphere of influence and take primary responsibility for the provision of consumption needs within the family has already been discussed in the literature reviewed on the socio-economic context in Cairo, Egypt. However, these needs include not only individual consumption needs within the household, but also the needs of a collective nature at the neighbourhood or community level (Moser, 1993, p. 34). Social relationships include not only household members but also neighbours. It is in this way that mobilization and organization at the community level is viewed, by Moser (1993, p. 34) as an extension of their domestic work.



Moser's (1993) 'triple roles' analysis is used to understand what factors influence women's ability to negotiate micro credit. Women's 'productive role' comprises market production and subsistence/home production, both of which generate an income (in cash or kind) and have an exchange value. Women's 'reproductive role' refers to childbearing/rearing responsibilities and domestic tasks done by women that are required to reproduce and maintain the labour force. Women's 'community managing role' involves women's activities at the neighbourhood and community level, as an extension of their reproductive role, in order to ensure the provision and maintenance of collective resources (such as education).

In order to understand women's experiences in micro credit it is necessary to consider women's triple roles and to acknowledge that women's needs are often different from men's. Furthermore, in order to meet women's needs, it is recognized that a different approach may be warranted.

### **Importance of Women's 'Triple Roles' in Micro Credit**

Much of the research focusing on women in micro credit focuses on women's roles in production, and ignores their reproductive and community managing work. These elements are considered to be an integral and dynamic component in this study. This thesis argues that women's experiences in micro credit are affected by their 'triple roles' in production, reproduction, and community managing. In order to understand the nature of women's subordination and their role in development, it is important to consider the various components and the dynamics between them.

Until recently, women's production and reproduction was understood as two conceptually different areas of activity located in different spheres – with reproduction taking place in the context of the private sphere in the home and production taking place in the public sphere outside it. While it continues to be analytically useful to differentiate between these two different kinds of work, it has been demonstrated that each has an impact on the other, because of their interrelatedness. Women's work in production and reproduction is shown not to be fixed or natural, but related to gender-ascribed roles in society. Thus, in order to understand women's roles in society, it is essential to consider women's production and reproduction and the interrelations between them.

A crucial issue relating to women's reproductive work concerns the extent to which it is visible and valued (Moser, 1993, p. 30; Moghadem, 1998b, p. 591). Because it is seen as 'natural' work it is somehow considered not real 'work' and, therefore, invisible. Moser (1993) explains that "the lack of recognition of the economic cost of reproductive work under capitalism has resulted in the separation of paid work, which is allocated an exchange value, from that of unpaid 'domestic' work, which is allocated only a use-value" (p. 30). The result is that women's role in reproductive work is not valued and rendered *invisible*<sup>38</sup> as implications for micro credit programs and women's economic activities supported by micro credit.

The concept of 'reproduction' is important in the analysis of women's experiences in micro credit for reasons related to the socio-economic context

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<sup>38</sup> According to Hoodfar (1997) the inclusion of domestic work in gross national product would give official recognition of women's contribution to the economy. Housewives would no longer be automatically categorized as dependents, which may bring about a greater awareness of the female population's needs by legal and social policy makers.

in Cairo. First, Egyptian men and women are viewed as having distinct, separate and segregated roles in society (Mensch, 2003). Women's traditional source of power has been based in the household and in meeting their responsibilities for reproduction. For this reason 'reproduction' at the macro level must be incorporated into this analysis of women's experiences, which has further implications at the neighbourhood and community level. Second, women's role in 'reproduction' influences how women are positioned to utilize their micro credit loans and fulfill their obligations. Third, the interrelationship between women's roles in 'production' and 'reproduction' are considered in how women view their options and choices in society, and in the process of facilitating their own empowerment. Accordingly, given the socio-economic context in Cairo, women's income-earning work or role in 'production', supported by micro credit, is theorized as being affected by and in some measure largely determined by women's role in 'reproduction'. Women's motivation to participate and engage in micro credit activities, ability to use their loans, and the empowerment process, are viewed as being affected, influenced, and largely determined, by the interrelationship between their roles in production, reproduction and community managing at the micro, meso and macro levels.

The 'household' is a concept that has often been viewed as a place where families live and work together as a basic unit, sharing both work and the proceeds of their labour (Moser, 1993, p. 19). This idea that the household functions as a single socio-economic unit has been challenged in the literature (Moser, 1993; Kabeer, 2003). Mayoux (2001) argues that the 'household' is "a complex locus of negotiation over rights and responsibilities where gender

subordination is central to women's ability to benefit from their own contribution to household income and well-being" (p. 22). The household in Cairo has been defined as "a group that ensures its maintenance and reproduction by generating and disposing of income" (Singerman and Hoodfar, 1996, p. xvii). Because women's roles in production and reproduction occur in the context of the household, it is important to consider how the household may determine and influence women's work.

Sen (1990) theorizes marriage as 'cooperative conflict', which is useful to consider because women and men are shown to have congruent and conflicting interests in the household. Viewing households as a site of 'cooperative conflict' is more relevant than earlier studies, such as Becker (1991) who assumed an "altruistic head of the household" distributed resources that allowed household members to make choices. Moser (1993) discusses another important aspect "of particular importance for women are the various forms of co-operation and collectivity in reproductive work between households" (p. 19) such as various informal arrangements to meet joint needs (like child care or domestic work).

At a macro level Bakker & Gill's (2003, p. 39) analysis focuses on the forces of neo-liberalism that are redefining and shaping women's roles in production and reproduction, which has had an impact on the household. They explain that more family members are working for the same level of family income, but for longer hours than when the family was supplemented by the state (p.39). However, at the same time there is a continued reliance on women's unpaid work in reproduction. Bakker & Gill's (2003) analysis is useful to consider in this framework because of the "fit" between micro credit

and the new global neo-liberal political economy. This is both theoretical and practical, in so far as this framework is connected to the way in which this analysis considers the potential and limits for action and transformation within that neo-liberal capitalist environment.

In this section I argue that women and men have differing roles in production, reproduction and community managing based on their gender. While women and men engage in all three areas of activities (productive, reproductive and community management), the division of labour is *uneven*. Even though women are also involved in productive work, the bulk of reproductive and community management work falls heavily on women because of their gender-ascribed roles. Whereas work carried out by men is valued, either directly or indirectly through paid remuneration, increased status or political power, women's community management and reproductive roles are not valued. There is an understanding that women's work in these areas (community management and reproduction) is seen as 'natural' and non-productive. The result is that a large part of women's work is made invisible, unrecognized by men in the community and by international development planners who are assigned the task of assessing women's needs. In addition, men and women also have differing gender needs, the second component of this framework.

### **Practical Gender Needs and Strategic Gender Needs**

Moser (1993) makes an important distinction between women's practical and strategic gender needs. Certain women's interests, of a political or practical nature, relate to their experience as a gendered person (Reeves and

Baden 2000). Moser's (1993) analysis is useful in making this differentiation because she translated these gender interests or concerns into a concept focusing on gender needs.

### **Practical Gender Needs (PGNs)**

Moser (1993) explains:

Practical gender needs are the needs women identify in their socially accepted roles in society. Practical gender needs do not challenge the gender divisions of labour or women's subordinate position in society, although rising out of them. Practical gender needs are a response to immediate perceived necessity, identified within a specific context. They are practical in nature and often are concerned with inadequacies in living conditions such as water provision, health care, and employment. (p. 40)

### **Strategic Gender Needs (SGNs)**

According to Moser (1993)

Strategic gender needs are the needs women identify because of their subordinate position to men in their society. Strategic gender needs vary according to particular contexts. They relate to gender divisions of labour, power and control and may include such issues as legal rights, domestic violence, equal wages and women's control over their bodies. Meeting strategic gender needs helps women to achieve greater equality. It also changes existing roles and therefore challenges women's subordinate position. (p. 39)

As Moser (1993) points out, meeting women's practical gender needs may help to lessen the burdens on women deriving from their triple roles, but it does not challenge the gender division of labour. Development programs identify and respond primarily to practical gender needs; they are often responsible for preserving and reinforcing existing gender inequalities. The distinction between practical and strategic needs is helpful in trying to conjure

more challenging interventions. To ensure sustainable benefits, both practical and strategic gender needs must be taken into account in the design of policies, programs and projects (CIDA, 1999, p. 17).

### **Relationship of Practical and Strategic Gender Needs to Empowerment**

In conceptualizing gender as having distinct practical and strategic gender needs, it is possible to fathom that empowerment is more likely to be achieved in combining both practical and strategic needs. It is likely that this kind of intervention will serve to alter the power relationships between men and women, or challenge their overall role in society (Dawson, 1998, p. 196).

In the micro credit context, programs often promote social solidarity at some level (especially in group-based lending programs), but tend to focus their attention on promoting changes at an individual level or on meeting practical needs (Cheston & Kuhn, 2003). This limited focus is problematic for reasons that relate to the concept of empowerment.

### **Concept of Empowerment**

One of the most articulated rationales in micro finance for providing women with credit is that it is an effective means for empowering them. Yet access to credit does not automatically translate into empowerment. Women must have the ability to use the resources to meet their goal. In order for credit to empower women, they must be able to use it for a purpose that they choose. The term 'agency' is often used to describe the processes of decision-making, negotiation and manipulation required for women to effectively use resources (Kabeer, 2001). But women's agency – and their goals – can be heavily

influenced by the values of the society in which they live and so may sometimes replicate rather than challenge the structures of injustice. Because of the influence of the socio-economic context over the range and exercise of choices, other factors must be considered that affect women's status and rights as a group.

In the literature on micro finance a dominant discourse is present based on assumptions that credit establishes a "virtuous spiral" of economic empowerment. The "virtuous spiral" in micro finance is believed to be created when credit is invested to create more income, more credit, more investment, and more income (Hulme & Mosley, 1996, p. 108). The sustained growth in income, production, credit and investment may capture part of the experience of some borrowers, but only a part (Hulme & Mosley, 1996, p. 108). This prevalent belief that *loans for women* will automatically lead to their economic and social advancement is challenged in this study. Hulme and Mosley (1996) explain that in practice this process is much more complex than this assumption chain posits. One of the ways in which this assumption is challenged is based on women's ability to use micro credit as influenced, and largely determined, by their triple roles (in production, reproduction and community managing) which are not taken into account in this "virtuous spiral."

The "micro finance revolution" has typically focused on poor women, and excludes men. It believes that micro credit income, with women as the only change agents, is a linear route that leads to economic and social empowerment outcomes for all poor families, who are also all alike. The responsibility for becoming a "successful" borrower is placed on the woman,



who will overcome all odds and change society. But not all women are oppressed equally or in the same way: depending on her race, class, sexual preference, age, religion, education attainment, occupation, marital status, health condition, whether a woman is a citizen of a First World or a Third World nation, an advanced industrial or a developing nation, a nation that is colonialist or colonized, she will experience oppression differently (Basarudin, 2002, p. 62; Tong, 1998, p. 212). Women must challenge oppressive structures and situations simultaneously at different levels (Moser, 1993, p. 74). The concept of empowerment allows for this analysis to take place.

### **Defining 'Empowerment'**

The term 'empowerment' is used in many different contexts and by many different organizations (Oxaal & Baden, 1997, p. 1). As discussed previously in the literature on 'empowerment' there is a variety of understandings of the term due to its widespread usage, and the lack of definition in the development context (Oxaal & Baden, 1997, p. 1). For example, the Human Development Report 1995 stresses that empowerment is about participation.

Development must be by people, not only for them. People must participate fully in the decisions and processes that shape their lives. (UNDP, 1995, p. 12)

Other organizations, such as Oxfam, claim that empowerment is about challenging oppression and inequality:

Empowerment involves challenging the forms of oppression which compel millions of people to play a part in their society on terms which are inequitable, or in ways which deny their human rights (Oxaal & Baden, 1997, p. 2 quote Oxfam, 1995).

Jo Rowlands (1998; 1999) points out that empowerment is a bottom-up process and cannot be bestowed from the top down. John Friedmann's (1992) theory of empowerment identifies interlinked and mutually reinforcing dimensions and levels of empowerment. His analysis offers a range of possible wider impacts beyond the individual<sup>39</sup> by focusing on four key components: material advancement, psychological empowerment, social empowerment, and political empowering (Friedmann, 1992, p. 152).

Friedmann's (1992) analysis is useful to consider how micro credit organizations can support women's collective initiative rather than individual actions. Certainly individual actions play an important role, but it is the structural inequalities that combine to perpetuate women's subordination that cannot be addressed by individuals alone (Kabeer, 2001, p. 27; Friedmann, 1992; Hulme & Mosley, 1996). This idea also resonates with Bayat's (2000) theory of 'quiet encroachment of the ordinary' in which individual direct actions, as a result of existing socio-political circumstances in Egypt, are used by the poor to bring about change in their lives. But the task of social development cannot be left to initiatives from below, as the state retains a crucial role in distribution matters on the larger scale (Bayat, 2000, p. 38).

Building upon the literature, and in keeping with the research objective of exploring women's experiences in micro credit, I have defined empowerment as follows. Based on women's understanding of their situation and experience, empowerment is defined as a process to enhance women's capacity for self-determination (women's agency) to meet their practical and

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<sup>39</sup> J. Allister McGregor (2000) defines 'wider' as beyond the individual, household and enterprise level. Wider impacts can range between the effects of an intervention on a local economy or community, to the grander impact of microfinance interventions on the national economic performance.

strategic needs through which women achieve equal rights, power, and resources with men in society and the economy. “It is part of a wider process of eliminating other dimensions of inequality and injustice” (Mayoux, 2001, p. 12).

This conceptualization of ‘empowerment’ integrates a strategic mobilization element that combines individual direct action and collective initiative that serves to meet women’s practical and strategic gendered needs. It also recognizes interlinked and mutually reinforcing dimensions (social, economic, political and cultural) and levels (individual, family, community, and macro).

### **Mayoux’s Feminist Empowerment Framework**

Linda Mayoux (1998; 2001) provides a framework for analysing the process of women’s empowerment in micro finance. Her approach focuses on examining women’s own priorities and strategies as the starting point, rather than criteria and indicators decided *a priori*. Mayoux’s concept of empowerment builds on that of Joanna Rowlands (1998; 1999), who is often cited for her work on conceptualizations of power. Mayoux (1998) identifies women’s own aspirations and strategies as a central element in any definition of empowerment, and an important factor in explaining program outcomes. She starts by women’s aspirations, knowledge and strategies for empowerment seen in a context of gender subordination which limits women’s knowledge of macro-level factors and ability to challenge views of gender subordination as ‘natural’ rather than amenable to change. While she gives preference to women’s own criteria, she cautions of the dangers of solely relying on their

accounts which may omit important dimensions of analysis. Mayoux's work has been very useful in understanding the process of empowerment for women by taking into account the larger structures influencing their ability to use their micro credit loans.

Mayoux recognizes that women are not a homogenous group, and program impacts typically differ between women. She further acknowledges, like Kabeer (2001), that it may not be possible to identify one set of criteria and indicators, which are equally relevant for all women. The nature of empowerment is a multi-faceted concept that is not readily quantifiable (Oxaal & Baden, 1997, p. 19). Kabeer (2001) suggests that "there is no single linear model of change by which a 'cause' can be identified for women's disempowerment and altered to create the desired 'effect'" (p.32).

Kabeer (2001) explains:

To attempt to predict at the outset of an intervention precisely how it will change women's lives, without some knowledge of ways of 'being and doing' which are realisable and valued by women in that context, runs into the danger of prescribing the process of empowerment and thereby violating its essence, which is to enhance women's capacity for self-determination (p. 32).

Mayoux further recognizes that women, because of their heterogeneity, may even have conflicting interests. While the idea of 'power' is at the root of the term empowerment, power can be understood as operating in a number of different ways (Oxaal & Baden, 1997, p. 1).

### **Power Within, Power To, Power Over, Power With**

*Power Within (or increased will for change for individual women).*

This power refers to self confidence, self awareness and assertiveness. It relates to how individuals can recognize through analyzing their experiences how power operates in their lives, and gain the confidence to act to influence and change this (Oxaal & Baden, 1997, p. 1). Mayoux focuses on the following elements:

- increase in women's confidence and assertiveness
- changes in women's aspirations and consciousness to challenge gender subordination
- increased autonomy and willingness to make decisions about self and others

*Power To (or increased capacity for change for individual women).*

This power relates to having decision-making authority, power to solve problems and can be creative and enabling (Oxaal & Baden, 1997, p. 1).

Mayoux outlines the following ways in which women can have "power to" in micro finance:

- increased access to income
- increased access to productive assets and household property
- increase in skills including literacy
- increased mobility and access to markets
- reduction in burden of domestic work including childcare
- improved health and nutrition

*Power Over (or reduction in obstacles to change at household and community level).*

Mayoux redefined how “power over” can be understood in the micro finance context:

- control over loan use
- control over income from loans and other household productive activities
- control over productive assets and household property
- increased ability to determine parameters of household consumption and other valued areas of household decision-making in favour of self
- ability to defend self against violence in the household and community
- enhanced perception of women’s capacities and rights at household and community levels.

*Power With (or increased solidarity with other women for change at household, community and macro-levels).*

This power involves people organizing with a common purpose or common understanding to achieve collective goals (Oxaal & Baden, 1997, p. 1).

Mayoux highlights the following in micro finance:

- increase in networks for support in times of crisis or for chosen strategies to challenge gender inequality
- participation in actions to defend other women against abuse in the household and community
- participation in movements to challenge gender subordination at the community and macro-level

- ability and willingness to act as role model for other women entrepreneurs, particularly in lucrative and non-traditional occupations
- increased expenditure on girl children and other female family members
- higher valuation of girl children and other female family members
- prioritization of provision of wage employment for other women at good wages

### **Links between Micro Credit, Women's Triple Roles, Practical and Strategic Gender Needs and Empowerment**

The ultimate goal of a gender perspective is to achieve 'gender equality' which refers to an equality of opportunity and a society in which women and men are able to lead equally fulfilling lives. To understand women's experience in micro credit it is vital to grasp women's roles and needs. Because women's income-generating activities are often household-based in the informal sector, women's productive activities supported by micro credit have to consider the demands associated with their reproductive role. Women face constraints due to the demands on their time as they seek to balance the responsibilities associated with their reproductive role (child-care, cooking, cleaning, and caring for family members), and by extension their community managing role, with finding a culturally appropriate way to generate an income.

There emerges an apparent link between the narrow micro credit approach and the narrow empowerment approach, where poor women's access to loans is presumed to function as a catalyst inducing positive changes in respect of their socio-economic status, but where minimal attention is given to

the need to support women's reproductive role. The narrow approach prioritizes women's production.

On the other hand, the broader micro credit approach appears to be linked with the broader empowerment approach, as this includes efforts conducive to raising the self-awareness and promoting the self-confidence of the poor women concerned; within this context poor women are perceived as individuals in their own right, and not only in terms of their reproductive role and membership in their households.

### Summary

The conceptual framework defined in this chapter begins by acknowledging that men and women's roles in society are gender-differentiated.<sup>40</sup> In order to highlight the multiple demands on women's time in low-income households, a distinction is made among women's productive, reproductive and community managing roles (triple roles). These concepts allow us to understand everything that women are doing even if the activity is 'invisible' because it is not valued in the market (for example, reproductive work) or because it is not culturally accepted (for example, productive work). This conceptualization of women's work is useful because we can build a more complete picture of women's lives in micro credit.

The distinction between practical and strategic gender needs is useful for identifying different levels of interventions. Empowerment is more likely

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<sup>40</sup> Gender roles are learned behaviors in a given society/community, or other special group, that condition which activities, tasks and responsibilities are perceived as male or female (UNDP, 2005a). Gender roles are affected by age, class, race, ethnicity, religion and by the geographical, economic and political environment. Changes in gender roles often occur in response to changing economic, natural or political circumstances, including development efforts. (UNDP, 2005a)



to be achieved in combining both practical and strategic needs, serving to alter the power relationships between men and women, or challenge their overall role in society (Dawson, 1998, p. 196).

It is important for the achievement of women's empowerment that women themselves define what their own practical and strategic needs are, given their own particular experience and understanding of their situation. The conceptualization of empowerment developed in this study takes this into account. Friedmann's theory of empowerment reminds us that micro finance organizations must consider how to support women as a collective rather than just as individuals. While individual women may play an important role in challenging these constraints, structural inequalities cannot be addressed by individuals alone (Kabeer, 2001; Friedmann, 1992; Hulme & Mosley, 1996). Because micro finance organizations tend to focus on empowerment at the individual level, for reasons already cited based on the standard account that credit is assumed to empower all women, the potential for programs to empower poor women to a large extent often goes unrealized.

In the chapters to follow, an overview of Save the Children (USA) is provided in chapter 6. Further results are presented in chapters 7, 8 and 9. Interviews with women participants and project staff, observations of their work and the consultation of their materials have provided the data to be analyzed. The concepts discussed in this chapter will be used to analyze women's experiences of empowerment in chapter 10. The relevance of micro finance as a development tool (for poverty reduction and women's empowerment) will be assessed in the final chapter of this thesis.

The conceptualization of gender defined in this chapter – using women's triple roles in production, reproduction and community managing, practical and strategic gender needs, and empowerment - provide the lens for this doctoral dissertation in developing the research problem, methodology, analysis of the data and conclusion. These concepts will contribute to a better understanding of the influences affecting women's experiences and participation in micro credit, and the ways that can be used by organizations to better improve their programs in order to meet women's practical and strategic needs or empowerment outcomes.

## **CHAPTER FIVE**

### **Methodology**

The material for this study was collected during field research in Cairo, Egypt, where I lived for a period of nearly two years, from October 1999 to January 2000, and from April 2000 to July 2001. In October 2000 my research proposal was accepted by Save the Children (USA), and the field research was conducted from January 2001 to June 2001. This chapter introduces the fieldwork research plan and design of the study. It also covers the methods of data collection, research ethics, analysis of field data, reflexivity, and limitations of the research.

### **Fieldwork Research Design**

The overall aim of this study is to explore how women view their choices and priorities in micro credit development programs. The research plan was primarily based on the results of previous studies that emphasized the empowerment of women in credit programs (such as the Grameen Bank). There were two specific goals: first, to understand what influences women's choices and priorities in micro credit; and second, to analyse pathways of empowerment for women. These questions were explored through a combination of qualitative research methods.

Initially, I was interested in comparing women's experiences in Cameroon, Egypt and Mexico.<sup>41</sup> Generally speaking, of course, the more settings studied the less time can be spent in each (Hammersley & Atkinson, 1995, p. 40). For obvious reasons I chose to focus on increasing the depth of

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<sup>41</sup> Field research on women's experiences had been carried out in Cameroon (1997-1999), and I was expecting to continue exploring women's experiences in micro credit programs in Mexico (2001-2003).

the research investigation in one socio-cultural setting. It would also have been difficult to compare each field research site given the diverse socio-economic and cultural contexts. In Cairo I focused on women borrowers as informants because I wanted to explore connections between the linkages between micro credit, poverty reduction and empowerment. As my research progressed I incorporated women's gender roles and needs given women's own experiences and understanding of their situation, and complex structural factors affecting their agency. My use of grounded research based in women's experiences guided the research study. In total the sample of sixty-nine responses comprise women informants who were Save the Children (USA) borrowers, and key informants based in the loan centers.

### **Initiating Field Research**

The initiation of field research can involve a long and complicated process. This process in most cases starts with acquiring "formal consent" (permission) from the research community and proceeds with settling in a research site, building contact with informants, collecting information, and maintaining the ethical commitments of the research (Rahman, 1999b, p. 24). In order to meet my research objectives, I was looking for a micro credit project that would meet certain criteria: I was interested in a project that involved women, based in an organization that was concerned with the social development of women and children. It was important that the project be actively disbursing loans and executing for a period of at least two years. And, as I previously stated, I was looking to carry out my field research in Cairo for pragmatic reasons related to my spouse's overseas assignment in

Egypt, scale of travel costs involved, and the availability of documentary information.

The search for a suitable program began in the field. Discussions and informal interviews were held with staff members of United States Agency for International Development (USAID), United Nations Development Program (UNDP), Catholic Relief Services (CRS), Environment Quality International (EQI), and with faculty in the Department of Sociology at the American University in Cairo (UAC). In this process I found that the micro credit program developed by Save the Children (USA) best met my criteria. This decision was made in October 2000 after I met with the responsible program officer and she agreed to provide me with access. I first met with the women participants in January 2001.

The field research site consisted of the program's loan center located in two different neighborhoods of Cairo - Abdeen and Imbeba, because their micro credit programs had been operating for more than one year. The study neighborhood of Abdeen is the oldest program area of Save the Children (USA) in Egypt. A third neighborhood in Dar El Salam was excluded from the study because it was operating for less than one year. However, during the course of my research there was an unexpected shift in the project: the Abdeen site was removed from the program. For this reason, my visits to Abdeen were limited to the earlier period of my field research before March 2001.

### **Gaining Access to Save the Children (USA)**

At the outset, I knew that there were different purposes for the pilot study: gaining entrance, trust and credibility to establish access to Save the Children (USA) was critical. The key challenge was to get permission from Save the Children (USA) to establish links with local project staff in the neighborhoods, and to interview women in Abdeen. Would I be able to meet this challenge? I had some experience already living in Cairo, and I had been advised that Save the Children (USA) was providing credit in Abdeen, but I did not know any staff members.

As soon as I made the decision to contact Save the Children (USA) headquarters office, I called the program officer responsible for the program in Cairo rather than speaking directly with the field offices in the neighborhoods. The head office was located in Garden City in downtown Cairo. The program officer facilitated my contact with the project staff and loan offices, organized meetings and provided me with documentation. After this initial contact, the loan officers introduced me to the promoters, the neighborhood, and later, to the women participating in the project. It was the program officer's support and interest in my research topic that was the crucial first step in gaining access. The initial hurdle had been overcome in October 2000.

Permission and support from the Head Office in the capital was a necessary first step, but I had yet to gain the trust and confidence of the Save the Children (USA) staff in the neighborhoods, and of course, the women borrowers. Here, I relied on my work experience in other developing countries. During the pilot study, I made repeated visits without pens and papers to gain trust and establish a connection with them.

I sought to involve the staff in the study and solicited their comments and suggestions. I respected their decisions that affected my ability to ask certain questions and follow research protocol related to tape recording interviews, and obtaining signed consent forms, which will be further discussed in the research ethics section of this chapter.

### **Data Collection**

My research strategy was initially designed as an exploratory participative evaluative approach, based on a methodology using multiple sources of evidence: focus groups, interviews, documentation, and direct observation. Because the program had never undergone an evaluation, my study was expected to contribute important qualitative indicators that might serve useful for a later impact assessment. The use of multiple sources was deliberate to provide for a broad range of perspectives and the development of converging lines of inquiry (Yin, 1994, p. 92) for data analysis. I hoped through these methods to build a picture of the outcomes of micro credit and women's lives, and of the ways in which women's lives have changed since they became involved.

There are three reasons that necessitated the variety of methods. First, as a woman researcher, I was only too aware of the limitations of exploring male perspectives in Cairene society. The pilot study demonstrated that some women were participating without the knowledge, or consent, of their husbands. For this important reason, I felt I could not solicit responses from members of their households. Second, what people said in public (or didn't say) provided a useful contrast to the more private interviews and activities

(that I observed). Third, I was able to contrast and compare across focus groups in the two neighborhoods, with the focus groups being more structured than the interviews.

Because I was not given permission to tape record interviews, I relied on fieldnotes for recording data. As Hammersley and Atkinson (1995, p. 175) found writing fieldnotes is a central activity in ethnographic research. I wrote my fieldnotes with as much care and self-conscious awareness as soon as possible after the interview, focus group or observed action. In some interviews I was able to make 'key word' and 'quote' notes during actual interviews and observations. But this was not always possible due to restrictions of the research setting. For example, many of the fieldnotes I took during the focus groups were jotted down, and written up in more detail later. Note-taking was too disruptive in the focus groups. These brief notes were very valuable. I also recorded things that I did not immediately understand, in order to investigate later. The fieldnotes were worked up, expanded on, and developed. Some time for writing up fieldnotes was always set aside immediately following an interview, focus group, or observation. As the research progressed, and emerging issues were identified, the notes became more focused in subject matter. Features that previously seemed insignificant became more meaningful. The vocabularies used provided important information about the ways informants engage in the 'social construction of reality' (Hammersley & Atkinson, 1995, p. 183).

The selection of women's groups for the focus groups was random. By interviewing women with at least one year of experience in the program, or the equivalent of three loan cycles, it was possible to discuss how their lives were



affected by their participation in income-generating activities supported by micro credit. The sample for this study consisted of sixty-nine responses. Fifty-four women were interviewed in focus groups, and of these women, eleven agreed to answer semi-structured interview questions. In addition to my core sample of women, I interviewed four key staff members of Save the Children (USA) working in the Group Guaranteed Lending and Savings program. In total there were sixty-five responses from women participating in the micro credit project. The women participants were mostly illiterate, and included single, married, divorced and widowed women.

### **Different Methods and Their Purposes**

The primary method of gathering information was by interviews, focus groups, and direct observation which allowed for triangulation<sup>42</sup> providing rich comparisons and contrasts. Each method had a different purpose. The interviews helped me explore concepts in depth and in a relatively private setting in the offices. I had access to female spaces in the focus groups and semi-structured interviews at the loan center. Who spoke out in public and who did not also helped me to understand the various empowerment strategies employed, and how to observe differences. Direct observation enabled me to understand the context, and make distinctions between levels of information. Even though each method has distinct aims, the interviews, focus groups and direct observation were all linked through memos and journals. I also wrote memos throughout on concepts and methods. In this way, I was able to note

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<sup>42</sup> Triangulation is defined as the checking of inferences drawn from one set of data sources by collecting data from others (Hammersley & Atkinson, 1995, p. 230). If diverse forms of data lead to the same conclusion, researchers can be a little more confident in that conclusion (Hammersley & Atkinson, 1995, p. 231).

surprises and follow-up. In addition to writing field notes for recording data I kept two diaries: the first one, for all the memos and notes on direct observation that I wrote within 24 hours of an event or conversation; the second one for recording my feelings surrounding the field research. Since the researcher is the data instrument, calibrating my feelings and how women reacted to me was an essential part of the research process.

The information from the field research was cross-checked on a regular basis to improve the reliability of the research findings. Information collected by myself was frequently cross-checked with key informants and other informants.

### **Interviews**

The purpose of the interviews was to explore key emerging concepts in private with the participants. As my fieldwork progressed, I continued to use the original interview guide and followed-up with basic questions (what do private lessons mean?) that revealed more about how men and women understood gender roles and needs.

There were four unstructured interviews with the project staff, from January to June 2001. These interviews began with “open questions” on the research topic. I interviewed the program officer (female), two loan officers (male) and a loan promoter (female), comprising four separate interviews. Each interview lasted between two and four hours. The project staff were interviewed in their offices, located in either Save the Children (USA)’s headquarters or the loan center, as appropriate. The location of interviews was chosen bearing in mind how the interview fit into the interviewee’s life. The

project staff revealed information about the program, offered their opinions and positions on different subjects related to the project, as well as provided insights into the operation of the GGLS. Throughout my research I searched for contrary evidence and sought to understand different responses and positions. During the interviews I wrote key word notes, and these were expanded upon within twenty-four hours of the interview. In some cases, the key words were converted to themes.

Semi-structured interviews were held with eleven women. The women were chosen from a sub-sample of the focus groups in order to gather more specific information. The interviews were held in the loan center, in the women's biweekly meeting place. These semi-structured interviews were held for approximately one to two hours. I did not seek out interviews apart from the regular meetings at the loan center because this would take time away from women's income-generating activities, although I was invited by the women for tea to their homes and to visit them in the neighborhood markets.

### **Focus Groups**

Focus groups were organized with the women participants in the Group Guaranteed Lending and Savings program. The focus groups were comprised of women's micro credit loan groups, which were already formed by the women themselves. All of the women had been participating in the program for at least one year, and were accustomed to working together. I chose to interview the women in focus groups at the loan center because they normally interacted, and met, in this way. It was a familiar environment and the women's space. It made sense to have the focus groups at the loan center

where the women meet after their regular meetings. In total, I interviewed fifty-four women, in seven focus groups, in the loan centers in Abdeen and in Imbeba. The interviews in Abdeen were held in January-February 2001, and the interviews in Imbeba were held in March-May 2001. Two of the focus groups were held in Abdeen, and five focus groups were held in Imbeba. Each focus group lasted approximately one to two hours. The focus groups were structured. Each group was asked the same questions. During the focus groups I took key word notes, which were clarified and discussed with the translator afterwards. Here I observed interactions between and among women in the neighborhood, which might not have been possible in any other format than in their groups.

### **Direct Observation**

Direct observation not only enhanced my research; I was also enriched in countless ways as I learnt about women's experiences and choices. I felt that the women tried just as hard to understand me and helped me do my research because they felt they had some important experiences to share that could assist other women in similar projects elsewhere.

Direct observation helped me to complement the one-on-one interviews with the staff because people are involved in routines, which they take for granted and may not be conscious enough to report in an interview. Two examples from the office interactions are illustrative. First, the male loan officers sat behind large authoritative desks, which held the office telephone, fax machine and fan. Second, one of the male project officers proudly displayed his sister's wedding invitation on a prominent bulletin board in his

office. Yet, it was prohibited to discuss family matters in the loan center. My observations ranged from the formal to casual data collection activities. For example, I observed male loan officers dispense micro credit loans to women's groups; I saw women repaying their loans; I witnessed women applying for new loans.

Some of my information came from observing the group meetings held at the loan center in each neighborhood. My attendance at these meetings provided me with the opportunity to observe and document interactions between women members and between borrowers and loan center workers. My observations in these meetings gave me an opportunity to construct appropriate questions for gathering information needed for the study.

I used direct observation to record people's behaviors, and the environment of the study. I always kept my eyes open. My observations in the neighborhoods were so valuable that I arranged to take photographs, with an Egyptian taxi driver friend, to convey important characteristics to my future readers and outside observers. Also, I was able to compare my observations with those of other researchers during the public lecture series at the American University in Cairo.

### **Documentation**

The most important use of documents is to corroborate and augment evidence from other sources (Yin, 1994, p. 81). The staff members of Save the Children (USA) provided me with important documents about the Group Guaranteed Lending and Savings program. First, I was given a copy of a project funding proposal destined for a Kuwaiti non-governmental

organization. A funding request had been prepared to support the “spinning off” of the program from a poverty lending to a financially self-sufficient model. In the headquarters office I read communiqués and announcements while waiting in the lobby. I downloaded written reports from Save the Children (USA)’s website. In the loan centers I had the opportunity to read the application materials used by women to apply for a micro credit loan, as well as some supportive documents. A female loan promoter shared her files with me. I gathered newspaper clippings and other articles appearing in the mass media in Cairo.

Documents are helpful in verifying the correct spellings and titles or names of organizations that might have been mentioned in an interview. Inferences were also made from documents. If the documentary evidence is contradictory rather than corroboratory, the researcher has specific reason to inquire further into the topic. I also accessed the literature as it became relevant at the library of the American University in Cairo.

## **Memos**

While reading documents or making field notes promising analytic ideas would arise. I made note of these in my “memos” which proved useful in analyzing the data. A distinction was made between my analytic notes from accounts provided by participants and from observer descriptions.

Memos helped me survive during the pilot study; they were an essential tool because they helped me categorize information, retain key insights and hunches, describe conversations, and record my feelings. I looked forward to writing them, often waking up early in the morning to do so.

The memos were nuggets of insights; their brevity was part of their preciousness.

Since the researcher in this type of qualitative study is the primary collector of data, I had already prepared a researcher memo prior to the pilot study examining my personal motivations and background. During the field activities, I realized that the researcher memo is an ongoing process, not a single input. So in addition to a notebook in which I wrote down observations and memos, I kept a daily journal to record my thoughts and feelings during the entire period of fieldwork. Each field observation was written up within 24 hours. The private diary helped me understand a variety of things ranging from how I felt about my status in the village to discovering a quiet time during the day when I could write undisturbed.

### **Research Ethics**

In this section, I describe how research ethics were addressed in the field, including the problems of using an “informed consent” form in the context of the field research site in Cairo, Egypt.

#### **Confidentiality, Protection and Caring**

The use of an informed consent form has become an integral part of social science research dealing with human subjects (Rahman, 1999b, p. 35). The importance of this informed consent form is in obtaining personal and informed permission for doing research among informants, providing protection to informants through a commitment to confidentiality and anonymity, and assuring them of their right to withdraw from participation in

the research without negative consequences (Rahman, 1999b, p. 35). As Rahman (1999b, p. 35) found in his study in Bangladesh obtaining informed consent through a signature or fingerprints on a form is a Western concept that is difficult to use meaningfully in many other cultural contexts.

In the context of this study many of the women do not know how to read or write. In my prefield research visits with the loan center staff I was told that it would only be possible to obtain informants' verbal consent. Staff members informed me that in Egypt, women were not asked for their written signatures. The majority of the women were not accustomed to providing a signature. While I recognized the importance of creating a permanent recording of interviews in field research, in order to obtain a transcript for analysis, I was not given permission by the organization to tape record focus groups or interviews. The staff feared that the women would be intimidated and would not feel comfortable answering my questions. Although tape recording interviews is a widespread research practice in North America, it was considered unusual for women to be tape-recorded in the Cairo context.

As Rahman (1999b, p. 35) discusses the real issue is informed consent, not the consent form itself. Because Save the Children (USA)'s staff considered it culturally inappropriate to sign the forms does not mean the women withheld their consent to the research. The protection of my informants from any potential harm emanating from this research is given high priority in my research. The anonymity of the informants and the community is strictly maintained in the analysis of the research findings.

What confidentiality means varies from culture to culture. To me, this meant one thing: do not hurt. This meant understanding that what informed



consent and privacy mean in an urban Middle Eastern setting is not the same as what it means in a middle class community in Canada. I found that group interviews instead of private interviews gave women a sense of safety and anonymity. But confidentiality was not enough. I had to show people that I also cared about them in culturally appropriate ways.

My graduate research experiences in Canada had been primarily organized somewhat independently. I was taught and expected to carry out my research, usually in a removed location, alone. I learnt that in Cairo it was not accepted for a woman to be out on her own. Before I could meet with the women participants, the male loan officers wanted to review my research questions. They were very helpful in assisting me with reframing certain questions, and I was interested in their advice and counsel. Asking questions in a way that made sense to women was critical.<sup>43</sup> We discussed how the women might respond to my questions, and the male loan officers revealed their own biases in the process. During this time I was strongly advised by all staff members not to ask the women any personal or financial questions. For example, it was not possible to study the implications of women's participation in micro credit for their households. The loan officers communicated that the women's status in the project could be compromised. While I respected their decision and rewrote my questions, I was happy when the women volunteered information about their experiences in these areas during our interviews and conversations. The women's voices could not be silenced. Later, I discovered that Save the Children (USA) was undergoing a paradigm shift from a poverty-lending model to a financially self-sufficient

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<sup>43</sup> During the focus group I asked women for their advice on what kinds of questions I should ask other women participating in the program. Their suggestions reinforced the emergent themes in the study.

micro credit program. I believe this shift, and process of transformation, contributed to a shift from social to financial objectives in the program. For this reason the loan staff wished to refocus my study away from women's social concerns and empowerment to financial ones.

Another factor that affected my research is the lack of academic freedom in Egypt. While undertaking this research study academic professor Dr. Saad Ibrahim, an internationally renowned scholar and sociologist at the American University in Cairo, was imprisoned on politically-motivated charges. While the status of the researcher varies from culture to culture, I learnt that there are some research questions that are considered unacceptable.

### **Getting Permission**

Getting permission is the first step in any research protocol. But the process for accomplishing that end in the neighborhoods in Cairo is different from the Western setting. After a group of women received a new loan installment, the women were invited to voluntarily participate in the study and information was given to them about the study. This strategy was used to minimize any influence women might have experienced in participating in the study prior to receiving a new micro credit loan. I informed them that I wanted to study women's experiences in micro credit projects in Cairo. The women were assured that their confidentiality and anonymity would be maintained. The women were not asked to reveal their names or provide any identifying personal information. For cultural reasons, it was not possible to record women's written consent. Thus, the translator obtained women's verbal consent prior to the beginning of the interview. The women were told

that their participation would have no influence on their status in the project. During the interviews no questions were asked in the presence of any male or in the presence of any Save the Children (USA) staff. This decision was made because I wanted to protect women's anonymity in the program, and to reduce any influence or bias in their responses.

### **Group Interviews Provided Anonymity**

It was virtually impossible to maintain privacy in the loan center during meetings with informants. Most often discussions were held in the presence of numerous people. In the loan center it was in front of their peers. I was touched when women told me that they felt good as they unburdened themselves in the interviews. I think it meant a great deal for the women to speak with me. It would have been hurtful and wrong if I had insisted on one-on-one interviews, tape-recording and written consent forms that are more suited to Western notions of safety and confidentiality. The spirit of the protection of human subjects is more important than the letter because issues of confidentiality are culture specific. A one-on-one interview is considered confidential in Western society. But, as I was to discover, this kind of conversation is viewed as suspect by the women, and the interviewee is likely to be interrogated by them later. In Egypt women are not accustomed to voicing individual opinions (Nawar, 1995, p. 153). So how do people create a private space? The women preferred to speak in groups. The semi-structured interviews were formed by a smaller group of women from the larger focus group. It was during the semi-structured interviews that I learnt more detail about receiving payments by installments.

### **Data Analysis**

Methodology consists not only of techniques but also of the stance that a researcher chooses to take and to analyse the data. Because I was interested in learning about women's experiences in micro credit, and exploring their lives, grounded research based on their experiences made the most sense. A conceptual framework was developed using Moser's (1993) triple roles (production, reproduction, community managing), practical and strategic gender needs, and analysis of empowerment, was used to understand and comprehend the data generated on women's experiences. The tension between the social and financial objectives in micro credit is also captured in this conceptual framework which allows me to understand women's motivation to engage in income-generating activities within and outside the household.

As stated by Hammersley and Atkinson (1995, p. 210) the first step in the process of analysis is a careful reading of the data, in order to become thoroughly familiar with it. Some analytic concepts arose spontaneously because they were used by participants themselves. Other concepts were generated by borrowing or adapting existing concepts from the literature. Formal data analysis began with summarizing the information from each individual or focus group. Thereafter, by studying the results these can be further reduced and presented in another format to indicate patterns and deviations, with key reasons or characteristics noted for the deviations. The extents to which the findings lend support to a particular theoretical or practical proposition also were noted. Quotes or interesting stories that helped underscore the key study questions were extracted from the original data

documentation. The analysis involved drawing conclusions, considering the meaning of the information and its implications.

The data was analysed using methods to ground insights while at the same time acknowledging that the researcher plays a central part in producing, shaping, analyzing and theorizing the data. Before actually entering the field, I had to force myself to make decisions that narrowed the study and clarified what I wanted to accomplish. I then planned data collection sessions in light of what I found in previous observations or conversations with staff. My approach was to avoid any in-depth analysis of the interview data until I had completed all the interviews. Although I identified topics in early interviews that appeared salient, I wanted to avoid imposing meaning from one participant's interviews on the next as best I could.

For data analysis, I studied and came to my notes with an open attitude in order to see what emerged as important and of interest from the text (Seidman, 1991, p. 89). I read the text and marked with brackets the passages that were interesting. I constantly made comparisons, and asked questions. What is going on here? What is the situation? How is the person managing the situation? I highlighted passages, grouped these into categories and studied them for thematic connections within and among them. "The reason one spends so much time talking to participants is to find out what their experience is and the meaning they make of it, and then to make connections among the experiences of people who share the same structure" (Seidman, 1991, p. 101).

Throughout my study, I wrote many observers' comments about the ideas I generated. I started to explore the literature as it became relevant in

the library of the American University in Cairo while I was in the field. This assisted me in identifying crucial issues, and in stimulating ideas. I believe that my participation in the bi-weekly research seminars at AUC helped the process and provided me with an opportunity to communicate my ideas and receive feedback. I recognized that my “ideas” had to be grounded in the data, and I circled key words and phrases in the text that were used by the women. I felt it was important to recognize the perspectives held by the research subjects and their ways of thinking about people and objects.

I asked myself lots of questions: what did I learn from doing the interviews and studying my notes, what did I understand now that I did not understand before I began the interviews, what surprises were there, what confirmations of previous instincts, how have my interviews been consistent with the literature, how have they been inconsistent, how have they gone beyond?

Studies in Egypt have suggested that survey respondents tend to report agreement with the cultural norms of their society, even when those norms are at odds with actual behavior, which suggests that when women do state views that deviate from the norm, these represent important information about changing attitudes (Nawar, 1995, p. 153). While I was not conducting a survey I recognized that this information was useful. By focusing on how women understand their situation and possibilities for action, given their gender roles and needs in a restrictive society, it was possible to identify changing attitudes that deviated from the norm.

### **Reflexivity**

Reflexivity is an aspect of all social research (Hammersley & Atkinson, 1995, p. 22). How women saw me and how I saw them was something to be noted and analyzed; reflexivity is always there. Reflexivity or the use of self as data instrument is important in qualitative research.

“Interviewees conceptions of the nature and purposes of social research, of the particular research project, and of the personal characteristics of the interviewer may act as a strong influence on what they say” (Hammersley & Atkinson, 1995, p. 221). How the women reacted to me and me to them and what I learned from this dynamic was also an analytic tool. For example, women’s and men’s opinions about my married status and motherhood provided valuable insights about how they view gender roles and practices.

In doing field research, especially when you’re coming from another country, researchers tend to consider themselves as ‘outsiders’. But just because you are coming from ‘outside’ does not necessarily mean you are foreign. Being an outsider is still a valid research perspective; it’s just different from being an insider. You can gain different information being from outside the neighborhood, or being from outside the organization. But you do not have to be an insider or an outsider. I felt like I was an ally with the women, and I think they felt the same. They had questions about why I was doing this research, and I told them it was because they had an important experience to share. We spoke about our experiences as mothers. I argue that their answers to my questions demonstrated that they viewed me as a person they could trust. I told them that their answers would not affect their status in

the program, nor be reported to their families, neighborhoods or to the loan officers.

People were always reacting to me, to my foreign status, my class background, my married status, my motherhood, and so much else. Women's positive reactions to my first-born son made me reflect upon the differences between infant girls' and boys' status. Men and women both responded with joy to my married status and young first-born son. The fact that I was accompanying my spouse while he was working overseas was viewed as customary.

Boundaries are important, and I knew what mine were. In retrospect I wonder if these boundaries were my own way of resisting gender norms; my own way of empowering myself as I developed what Lila Abu-Lughod calls a "romance of resistance" (Abu Lughod, 1986). The researcher's status as a foreigner can allow some distance to be created from restrictions related to gender (Hammersley and Atkinson, 1995, p. 93). For this reason I was able to interview male staff members in the loan center.

### **Limitations of the Research**

The gender of the researcher plays a significant role in the collection of information. As a woman researcher, and because of my gender, I was able to gain access to the women participants and learn about their experiences. Also, because of my foreignness, I was able to interview the male loan officers in their offices. However, while I would have liked to interview some of the husbands, I was unable to do so – due to gender roles and emergent information about women's status in the program and in their households.



Rahman (1999b, p. 98) investigated women's participation in micro credit programs in Bangladesh and found escalating violence and aggression at the household level. While I was not given permission to ask personal questions at the household level, I was sensitive to these issues as a result of my knowledge of the literature.

I was concerned about how real my results would be given that I was an educated Canadian who was working with low-income women who belonged to an oral tradition. I worked with some limitations that affected my status as a researcher in the Middle East: being a woman, being an English-speaker, being a white academic researcher, being a "Western" feminist, being a member of the middle class, working with an Egyptian female translator and possibly being perceived as a donor who could influence the project. And I worked with some assumptions: women would relate their true and honest experiences, the translator would establish a good rapport with the women, and that my prior experience in developing countries and work experience in micro credit would assist me. As an outsider to this community, I was aware that my gender and personal involvement might not be enough for full "knowing" given various sources of bias that can exist in interview procedures (Riessman, 1991). In order to address this issue I sought to develop a collaborative process that would foster cross-cultural/racial/class understanding, by discussing the format and content of the interview beforehand with the project staff and Egyptian female translator. These validity issues are essential to any scientific endeavor and the pilot interviews that I carried out in Abdeen helped me pinpoint them.

### Summary

Many researchers have come to accept, though not always willingly, that regardless of their training, their perceptions and understandings of social issues cannot be divorced from who they are and how they are perceived in the community of their research (Seidman, 1991; Singerman, 1997, p. 35; Hoodfar, 1997, p. 49). I was aware that my status as a married, white, North American mother had an impact on how I was viewed by the people involved in this micro credit project, which in turn affected the research and the data I collected. My field research took place during the Middle East Peace process, which was in part the result of an enhanced political and economic alliance between Egypt and the United States. Shortly after the completion of my fieldwork, the political climate changed dramatically with the terrorist attacks of September 11th (2001) and the ensuing war in Iraq. It may have been difficult, if not impossible, for this research to have been conducted in the current political context.

When I asked the women what they thought of my research, they generally said it was important and they were pleased to talk. Most of my interview questions were based on women's earlier responses in other groups. For example, at the end of a focus group or interview, I would ask the women what they felt I should ask others. I was told to ask "how things have changed since they received their loan, what kinds of jobs they are doing, if there were problems in the marriage, education of children, and women's businesses."

My fieldwork was conducted in the middle of a fascinating, metropolitan city, and it was possible for me to move easily between neighborhoods, loan centers, library, university and my home. I generally felt

very safe moving around Cairo. Most Egyptians hold a deep respect for education, and this facilitated my entry as a researcher working towards a Ph.D. Although I could not say that my presence at the loan centers in Abdeen and Imbeba was normal, over time its members came to expect to find me there.

This chapter provided a brief review of my research methodology, and allowed me to reflect upon my field research overseas in a developing country. After living in Cairo for nearly two years, in many ways it was difficult for me to leave my friends after my spouse's assignment came to an end and my field research complete. The results of my research, which is the focus of the next section, will present what I learned from my interviews and, specifically what women told me about their experiences. However, before turning to the next section, I would like to explain that my analysis and writing did not take place in Cairo. Shortly after completing my fieldwork we moved to Mexico City, where my husband was assigned from 2001-2003, and then to Paris, France, from 2003-2006. During this same period I gave birth to a second child. Since undertaking this fieldwork, I have also experienced some of the conflicts that emerge from combining my own roles in production and reproduction, as a mother to Thomas and Rosalie, as a Ph.D. student, and as a part-time worker. I think that these personal experiences, in addition to my training as a social worker, have allowed me to understand in a more profound way what women related to me during this research.

## **CHAPTER SIX**

### **Overview of Save the Children (USA)**

This chapter presents a profile of Save the Children (USA), the organization sponsoring and implementing the micro credit program under examination in this study. Micro credit loans are provided through the Group Guaranteed Lending and Savings (GGLS) program. This first section of this chapter will describe all program objectives, as well as the history, philosophy, mission statement, methodology, and project requirements of the program. Following this presentation of Save the Children (USA), I will offer an analysis of the program's objectives and philosophy using the conceptual framework developed on women's triple roles (in production, reproduction and community managing), women's practical and strategic gender needs, and empowerment.

### **History of Save the Children (USA)'s Involvement in the Middle East**

Save the Children (USA) is a voluntary, non-sectarian, nonprofit entity established in 1932 to assist the children of U.S. coal miners suffering the effects of the Great Depression. During World War II Save the Children (USA) began expanding beyond the United States and initiated programs for children around the world. Today Save the Children (USA) is a multi-sectoral international development organization providing services for children and self-help for communities, participating in projects in 39 developing countries. The funds for its operations come from private donors (who contribute through child sponsorship programs) and public donors (including the United States Agency for International Development, the United Kingdom's Department for

International Development, and the Dutch Government).<sup>44</sup> Save the Children (USA)'s micro finance programs in the Middle East receive indirect grants from the United States Agency for International Development (USAID), United Kingdom's Department for International Development, Irish Aid, Canadian International Development Agency (CIDA) and others. These funds are channeled to the institutions through sub-grant agreements with Save the Children (USA) which places it in the position of being a program creator, capable of implementing programs, and as a donor. This funding relationship involves many complexities for the institutional development of micro finance institutions.<sup>45</sup>

### **Focus on Basic Social Services**

Save the Children (USA) is mandated to provide basic social services in three fields: education, primary healthcare, and economic opportunities. This study focuses on the third component of Save the Children (USA)'s basic social service program. The main initiative of the "Economic Opportunities Program" is the *Group Guaranteed Lending and Savings* micro credit programs. While providing micro credit, and other economic support, the program used to include health and education initiatives for the women participants and their families.

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<sup>44</sup> Like all U.S. nonprofits, Save the Children (USA) finances some of its core management and administrative costs through a cut of funds received from donors. This indirect cost recovery is applied to all Save the Children programs. Save the Children does not see this cut as profit but as real cost – because it covers the cost of delivering programs worldwide, and because Save the Children believes that this cut represents part of the real value of the organization's community development knowledge and worldwide experience.

<sup>45</sup> Each donor obliges the institutions to use funds in accordance with the negotiated grant agreement. For example, USAID funds are to be used in a manner consistent with the agency's micro enterprise policy directive.

Save the Children (USA) first began working in Egypt in 1982, when it established child-centered programs in the underdeveloped rural village of El Minya, located some 250 miles south of the capital city of Cairo. Save the Children (USA) offers an international development program that strives to improve conditions for children and families in Cairo, as well as in the El Minya, Giza, Qena, and Sohag Governorates. Development programs have focused on improving health, sanitation and hygiene, increasing educational opportunities particularly for girls, and providing economic opportunities to low income families<sup>46</sup>. According to documentation consulted in Cairo, the Egypt program is guided by a commitment to gender equity and to the full participation of individuals, groups and communities as both decision-makers and beneficiaries (Save the Children, 2000).

According to documentation provided by a staff member:

Save the Children (USA) is a non-profit, non-sectarian and a political international organization committed to making lasting positive changes in the lives of women and children. (Save the Children, 2001)

The objectives of Save the Children (USA), stated in the organization's presentation notes, are to improve the income of poor women micro-entrepreneurs in the informal sector in Egypt, and eventually, to improve their socio-economic conditions, leading to a positive impact on their children and families (Save the Children, 2001).

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<sup>46</sup> The organization has reached about 400,000 people, including nearly 4,000 sponsored children.

### **Economic Opportunities Program**

Save the Children (USA) argues that “economic and social advancement rest on self-sufficiency and sustainable solutions to pressing development problems” (Save the Children, 2000). Following this fundamental philosophy, in the early 1990s Save the Children (USA) embarked on several economic opportunities projects in the Middle East and North Africa.<sup>47</sup> The original program and the subsequent spin-offs have given women access to credit, saving opportunities, and support that have enabled them to develop small businesses – businesses that are assumed to help them break free of poverty (UNDP, 1999).

Unlike other micro credit programs in South Asia (such as Self-Employed Women’s Association (SEWA) in India, or the Grameen bank in Bangladesh) Save the Children (USA) has a brief history of micro lending in the Middle East. The delivery of micro credit loans became more prominent in the early 1990s when Save the Children redefined its role in the region. Save the Children’s Middle Eastern operations are coordinated through its regional headquarters in Beirut (Lebanon), with field offices in Egypt, Lebanon, Jordan, and the West Bank and Gaza. The field offices function as branch offices of the U.S. based headquarters, under the supervision of the vice president for international operations. In addition, the Washington, D.C. based “Economic Opportunities” technical unit provides support to the region.

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<sup>47</sup> Micro credit programs in Egypt were only in their ‘pilot’ phases of implementation at the time I conducted this research.

## **Save the Children (USA) and Micro Finance**

Save the Children (USA)'s Group Guaranteed Lending and Savings (GGLS) or poverty lending micro credit program provides women living on or below the poverty line with access to credit and savings, providing they meet certain criteria. The methodology of the GGLS approach builds upon the poverty lending model, solidarity group and village banking models, and is adapted to the country's diverse cultural and economic context. Women form groups and guarantee each other's loans, which substitutes for formal collateral required by banks. The small initial loan is believed by the organization to be "self-targeting" and opens a long-term line of credit, with loans gradually increasing in size as business activities expand.

### **Overview: Group Guaranteed Lending and Savings (GGLS) Program**

#### **Facts: Group Guaranteed Lending and Savings (GGLS) Program in Cairo, Egypt**

Minimum Loan Size: 250 LE (US \$74)

Minimum Group Size: 10 women

Loan Term: 18 weeks

Savings Requirement: approx. 5%

Payment Frequency: bi-weekly

Interest Rate: flat 8%

Loan Increases: stepped 20% - 40%

The Group Guaranteed Lending and Savings (GGLS) mission statement is "to make lasting and positive changes in the community through the provision of sustainable micro finance services" (Save the Children, 2001).



The philosophy of the GGLS program or poverty lending model corresponds with many of the assumptions previously discussed in the literature reviewed on micro credit and how poverty reduction and women's empowerment is an anticipated and expected outcome of micro finance. The "virtuous spirals" approach, which I outlined in my review of the literature, assumes that by providing low-income women with access to micro credit, women will control their micro credit loan and use it to invest in economically productive activities. It is also assumed that women will control their increased income and reinvest it in their productive activities, which will enable them to increase their decision-making ability in the household. Women's increased ability for decision-making is further translated into greater social and political empowerment outside the household. The GGLS program staff highlighted this assumption chain in the interviews.

The objectives of the GGLS program are 1) to provide poor women entrepreneurs with access to credit as a means of empowerment and increased household income, and 2) to build an institutional capacity to deliver poverty alleviating credit services in a sustainable and efficient manner.

### **Program Methodology**

The GGLS loan methodology is based on the same principles of joint liability like other group-based micro finance programs in the world. Since 1994 Save the Children (USA) has been implementing similar credit programs in Minya Governorate in Upper Egypt and elsewhere in the Middle East. In nearly all GGLS sites, groups of women micro- entrepreneurs are given small, individual, multiple cycle working-capital loans for the improvement of their

enterprises. No collateral is required – the women guarantee each other. According to Save the Children (USA) women use their loans to purchase extra raw materials, goods, supplies, extra labor or other inputs for their businesses. It will be shown later in this study what women are actually doing with their loans. Upon successful repayment of the entire group loan, women are eligible for larger loans in stepped increments.<sup>48</sup>

According to documentation provided by Save the Children (USA) there are four important features of the GGLS program: group management, group meetings, savings component and administrative charges.

First, group management is evident in the formation of each women's group. The women's groups are formed by the women, and each group creates its own by-laws. The staff of the program revealed in the interviews that each group formed itself; there was no 'leader' in each group. Group management is an essential component in administering and delivering micro credit. In this way the group manages its objectives, faces potential problems, and deals with financial and management issues. In the process of assuring group management the staff explained in the interviews that it helped to foster women's increased self-confidence, to develop leadership skills and a sense of empowerment.

Second, group meetings are required. The borrowing groups attend bi-weekly meetings at the loan center. In these group meetings women repay their micro credit loans, collect each other's savings, and discuss issues of common interest. The group meetings link borrowers with other women (present at the loan center) and serve as a venue for sharing other information.

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<sup>48</sup> It will be shown in a later section that some women do not wish to increase the size of their loans, for reasons that will be discussed.

Third, a savings component is required. Each woman borrower is required to save a minimum of 1 LE (for 250 LE loans) bi-weekly. The compulsory savings requirement is used by Save the Children (USA) to allow borrowers to plan for the future and expand their activities, thus significantly raising their self-esteem.

Fourth, an administrative charge of 8% (flat) fee is issued on every loan made to women in order to cover part of the actual cost of delivering the services to borrowers. Save the Children (USA) staff explained that this administrative charge will ultimately provide for the long term financial and operational sustainability of the program.

### **The Project's Requirements**

A number of requirements must be met before a woman can be issued a micro credit loan. First, each woman must present a project proposal and have it accepted by the loan center. However, before a project can be accepted, the women must organize themselves into groups. The women must reside near one another in the same neighborhood, but it is not allowed to have mother-daughters or sisters in the same group. One of the loan officers revealed that most women seek a loan for an existing business (80%) or a new business (20%). Before a woman's project is accepted, a loan promoter will visit her house and ask specific questions about the address, while conducting a feasibility study of the proposed project.

All of the women in the group are required to participate in four meetings held over a two week period in the loan center before they can receive a new loan. A loan officer stated in an interview that these four

required meetings are organized in the same way for each women's group. In the first meeting, the project staff (normally the loan officer and a loan promoter) introduce and present the GGLS program. The members of the newly created group are encouraged to select a name for their group. Elections are held to appoint a leader and treasurer for the group. A staff member, normally a loan promoter, provides the 'terms of reference' for the GGLS program. An explanation of the benefits for participating in the program, the 8% administrative fee and required savings per cycle for the duration of the 18 week loan cycle are given in the first meeting.

In the second meeting the staff member (normally a loan promoter) begins by reviewing the information provided at the first meeting. All members of the group are given a form to begin the project's feasibility study. Every woman must complete it. The form is titled *Application to Participate* in the program. The loan promoter is available to assist women in completing the form (since many of the women are illiterate). Information is provided to women on how to request a loan, and women are encouraged to sign the form for legal reasons. Many of the women provide a thumbprint in lieu of a signature. Following the second meeting, the loan promoter and sometimes the credit loan officer will conduct an investigation in the field by visiting the neighborhood. I was informed by a loan officer that if a promoter is reliable, she will do it on her own but sometimes the loan officer may go anyway "to make sure."<sup>49</sup> This field visit was sometimes organized as "a surprise visit". There is usually a one week period between the second and third meeting for the completion of field visits.

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<sup>49</sup> This is a direct quotation from a loan officer in the program.

In the third meeting the loan officer is present to review the data generated from the feasibility study. The objective is to make sure the loan officer knows “everything” about the women in the group. All items are verified, and a review of the program and repayment scheme is given. In this meeting the women are encouraged to discuss the repayment conditions for the group. Some examples of the conditions include who will repay the loan at the loan center, and what penalties will be incurred if a woman does not attend a meeting or is late with repayment. Every group usually develops these kinds of financial penalties. A discussion is held on the minimum savings required. The women complete a loan application form, which the loan officer will deliver to the finance department of Save the Children (USA). The women’s micro credit loan will be prepared in a single cheque to be cashed by the treasurer and distributed to each member of the group in the final meeting.

In the fourth and final meeting the loan officer is present. The loan officer reviews all information on the GGLS program, and each woman’s personal data. The loan officer presents the cheque to the group in the presence of all members. The group’s treasurer will leave the loan center in order to cash the cheque at the bank, and return with the money to the loan center. All of the money is placed on the table. As each woman receives her loan, she must sign a paper agreeing to the terms of repayment on specific days. The terms are outlined if they do not repay at the bottom of this same form. In this way each woman receives her individual loan in the presence of the entire group.

Upon receipt of a new loan, the women have 18 weeks to repay their loan before they can request a new loan (with a stepped increase). The

research findings based on interviews with the staff reveal that just because a woman qualifies for a higher loan amount in the next cycle does not necessarily mean she will choose a higher loan amount. In the interviews with the staff I was informed that the loan amounts fluctuate depending upon the needs of women. For example, the women did not always take out the maximum loan available to them in a loan cycle because it was often not what they wanted to repay. They chose a loan amount based upon their needs and preferences. In this way different loan amounts were believed to work differently for various women. In the focus groups, for example, one woman said that 750 LE was best for selling vegetables, another women said 950 LE was good for trade, and another woman said she needed more than 1050 LE! There was no set loan amount for best practices or success: the loan amounts varied according to the needs and perceptions of its usefulness by the women. This flexibility is an asset for the women.

In the interviews all of the program's staff cited the high repayment rate as one of the successes of the program.

From late November 1996 to the end of June 2000 Save the Children (USA) Egypt's GGLS program distributed 9,929 loans worth \$1,034,942 to 4,150 women and achieved a repayment rate of 100% (Save the Children, 2001).

During the period of my field research, as of January 2001, the total number of active clients was 1,902 women.

### **GGLS History in the Abdeen and Imbeba Neighbourhoods**

The Group Guaranteed Lending and Savings (GGLS) program began as a pilot program in the neighborhood of Abdeen in conjunction with the Women's Health Improvement Association. Low-income women from

Abdeen could access micro credit loans and receive subsidized health care in the Women's Health Institute. The program initially tested the GGLS methodology in an urban setting, identifying both the optimum credit scheme for Cairo as well as the potential of creating a local micro finance institution for future expansion. The ultimate goal of the Cairo GGLS program is the creation of a financially sustainable local micro finance institution with the institutional and financial capacity to provide women with access to credit far into the future. Based upon its success in Abdeen and Imbaba, Save the Children (USA) expanded into a third neighborhood known as Dar El Salam. This neighborhood was excluded from my study because it was operating for less than a year.

According to Save the Children (USA),

Egyptians strive to meet their basic needs in a number of ways, by tapping the shared income and resources of the family, by utilizing government services and subsidies, and by relying on community organizations. During the past decade, these community organizations have been called upon to meet an increasing portion of that need. The short-term cost of economic reform and structural readjustment has resulted in a growing number of obstacles such as unemployment and the loss of public services. Declining oil prices and the repatriation of Egyptian workers, who lost both foreign jobs and savings during the Gulf War, exacerbate this situation. The current estimates of the percentage of families living in poverty (especially female headed households) range from one third to one half (Save the Children, 2000).

This passage illustrates the organization's recognition of external macro forces that have had an impact on poverty in Egypt. Economic reforms and structural adjustment policies have led to obstacles such as unemployment and the loss of public services, leading to an increase of families living in poverty. Save the Children

(USA) sees itself as meeting a small portion of that need, by introducing micro credit loans in this context.

In the documentation consulted there are two “successful” case examples cited by Save the Children (USA) illustrating how disadvantaged women can improve their situation in the Group Guaranteed Lending and Savings program.

### **Successful Case Examples (Save the Children, 2001)**

#### **Case one:**

*Hanan is a strong woman who has challenged social norms by carrying heavy gas cylinders on her shoulders all day long to sell. She dropped out of school after the ninth grade, but was determined to let her children continue their education. Though Hanan’s work is very taxing, she felt that it allowed her independence as she can freely distribute her time between work and household duties. Hanan, who has taken a 250 LE (\$74) from the project, bought a cart with the money to push the gas cylinders around the streets of Sayeda Zeinab and Zeinhom neighborhoods in Cairo. She hopes to be able to buy a bigger cart and a donkey to pull the cart rather than push it around herself. Hanan is the only source of income in her household, as her husband is psychologically unwell and rarely leaves the house. She fully provides for their four children.*

(Save the Children, 2001)



**Case two:**

*Bahana owns a small coffee shop in Abdeen, where she makes and sells drinks. Her customers are mostly workers in the workshops around the shop. She works alone in the shop. Bahana is about to receive her fifth loan of 750 LE (\$222). She continues to use part of the loan as capital for the coffee shop and the rest of her loan for other business activities. Although uneducated, Bahana is an active businesswoman. Besides running her own coffee shop, she acts as a wholesale dealer, buying large amounts of sugar, coffee and tea and sells them to other coffee shops in the area. In addition, she has a partnership with her sister buying poultry and eggs from Fayoum and selling them to her neighbors. On Sundays, she actively hurries from one clothes market in Attaba to the next in Sayeda Zeinab, where she buys and sells clothes. After twenty-five years of marriage, her husband passed away four years ago leaving her with five children, three sons and two daughters. She believes that the GGLS project is a better system than the usual informal money lending systems. According to her, "GGLS gives a woman more freedom and independence." (Save the Children, 2001)*

**A Paradigm Shift from Poverty-Lending to Financial Self-Sustainability**

During the course of my research I discovered a decisive ideological shift in the program, from a poverty-lending approach to a financial self-

sustainability paradigm. As of the year 2001 project documents began to focus on the need for ensuring the sustainability of the program. The program began to take steps towards “spinning off” the GGLS program into the establishment of *El Tadamum*, a micro finance institution, which would eventually be registered under Egyptian law.

The following statement was published by Save the Children (USA)

*El Tadamum* will head towards providing financial services to micro entrepreneurs, building its institutional capacity to deliver poverty alleviating credit services in a sustainable and efficient manner. Only through *El Tadamum* MFI [micro finance institution] will Save the Children (USA) ensure making lasting and positive economic changes in the Egyptian community through the provision of sustainable micro finance services. (Save the Children, 2001)

Because Save the Children (USA)’s GGLS model is part of a larger sector program based in their regional office in Jordan, I was informed by a staff person<sup>50</sup> that other field offices in the Middle East had already “spun off” from Save the Children (USA)- the parent organization. The staff person further informed me that the new goal is to achieve “a separate and financially self-sufficient project.”

A number of influences were identified as contributing towards this shift. First, in a study conducted by the World Bank it was found that less than a third of the more than 60 micro finance programs in the Middle East and North Africa are implemented using best practice principles (UNDP, 1999). The best practices identified in this World Bank study conform to the financial self-sustainability paradigm. Best practices are measured as to whether interest rates cover operational and capital costs, achieve “scale”,

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<sup>50</sup> For reasons of anonymity, I use the wording “staff person” to refer to several informants in the study.

avoid subsidies, promote outreach and foster demand-driven service delivery and maintain a clear focus. Second, the GGLS funding relationship with several governments and international donors affects the underlying orientation of the program. The interviews with the staff revealed that while a strong social service component was designed into the initial micro credit pilot project, it had become necessary to separate these social issues from the financial concerns of the program. In this context a new discussion emerged on how to make women responsible for their own success during this transition.

A staff person spoke in an interview that

...women's empowerment comes about in women making decisions in the household, and only income earners have it. In the *Qur'an* there is a saying that "men are powerful by what they spend." Thus, men are the decision makers in the household. Women need to earn to be empowered in decision making in the household. As long as women earn money, the rest of development will come about on its own. There is no need for projects like ours to invest or get involved with social issues that distract from the provision of micro credit. Don't get me wrong, literacy and those things are important for women, but each has its place. Empowerment is a luxury the poor cannot fathom when they are fighting to survive. They do not care to have a voice in their community when their children are hungry and they need cash now.

The staff person further argued that it was a woman's right to have access to credit. However, women's disempowered condition was used to obtain her compliance. For instance, an interview with the same employee demonstrated

Women have less opportunity to borrow, they are less represented in employment, but they are caring for their families and *save their children*. Women are less risk-takers than men and do not engage in fraud. This means that women can be organized into groups that work for ensuring repayment and lead to empowerment.

The same sentiments were expressed by other staff members in interviews at the loan center.

People need to take some responsibility for their loans and it demands some action on their part. Micro finance can act on its own to improve women's lives. Women know what they need and how to go about it to suit their own personal situation. Development programs do not need to meddle with them and make strings-attached and conditions to their assistance.

### **Loan repayment**

In the GGLS program women are required to repay their micro credit loan installments every two weeks. Despite the high repayment rates achieved in the program, I was informed by the women in the focus groups that they faced problems repaying their loan. Upon being issued a new micro credit loan the women had 15 days to organize their income-generating project, with the view of preparing for their first loan repayment. However, even beyond the first loan repayment installment the women said in a semi-structured interview "you continue to worry about repayment, even when you become more experienced." The women said they would prefer a "monthly repayment plan instead of every 15 days." The women said "it is hard to repay bimonthly, especially when you sell by installment."<sup>51</sup>

In a semi-structured interview a woman stated,

Whenever you have a repayment due, you have to go out and look around for money from those owing you.

The staff was aware of women's concerns about repayment, but felt that *women must be made responsible*.

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<sup>51</sup> The women developed an innovative payment system that will be discussed later in this chapter.

If it was changed for one woman, it would have to be changed for everyone. It is the women's responsibility to make their repayments or suffer the consequences.

Another example,

I [researcher] was waiting with the women for a required project group meeting to begin. Then, two women entered the office and asked the loan officer if they could leave. They did not want to attend any more meetings. The staff in the loan office started laughing at the women. The loan officer said "they are always in a hurry. It is sometimes like this, they just want the money and leave, without following the rules." The women were not given permission to leave.

In the semi-structured interviews women explained the circumstances that lead to repayment difficulties. For instance, women were responsible for caring for their children. If a child fell sick, it was the woman's responsibility to care for the child. This event affected her ability to repay her loan.

The staff is aware of the circumstances affecting women's repayment, but did not allow any deviation from the strict bi-weekly repayment plan. The separation of social concerns from the economic transactions of the program is a phenomenon created by the staff. The result is that women are actively discouraged from discussing personal matters in the loan center.

One of the women informed me in a semi-structured interview, "I receive no benefits from the project because the installments are too high."

### **Summary**

The first section of this chapter presents an overview of Save the Children (USA) in the Middle East and focuses on the organization's principal

economic opportunities program, the Group Guaranteed Lending and Savings program. In this section I have shown how Save the Children (USA)'s micro credit loan program is organized, delivered, and influenced by two of the most important paradigms in micro finance today: the poverty lending and financial self-sustainability paradigms. In the process of examining the program's objectives, mission statement and methodology, many of the underlying features related to the philosophical orientation of the program emerge. Specifically many of the assumptions operating in the program create tensions and contradictions that can be seen in the way social and financial concerns are viewed by key staff members in the project.

In the GGLS program low-income women repay their micro credit loan on a biweekly basis, with interest, over a period of 18 weeks. Upon completion of a loan cycle, the women's group can access a higher micro credit loan in a stepped increase (of approximately 20-40%). Given the international context of micro credit, we see how the program evolved from a poverty-lending approach that viewed women as responsible for their household well-being to a narrower definition of micro credit using a neo-liberal market growth model that assumes women's access to micro credit will automatically lead to economic empowerment (allowing women greater capacity for self-reliance).

The second part of this chapter analyzes how these results can be understood using the conceptual framework developed.

### **Analysis of Save the Children (USA)**

The Group Guaranteed Lending and Savings program aims to provide low-income women with access to micro credit as a means of empowerment and increased household income, and to build an institutional capacity to deliver poverty alleviating credit services in a sustainable and efficient manner. The results of this study demonstrate a shift towards a more financially self-sustainable approach in the program. In the process a new focus on micro credit as a separate financial intervention emerges, one that can act on its own to improve women's lives. While Save the Children (USA) aims to increase women's productive economic activities, supported by micro credit, this new orientation does not take into consideration other influences that affect women's ability to use micro credit. For example, MacLeod (1996, p. 27) argues that the trade-offs and choices women make at the intersection of household and the workplace lead to a better understanding of the experiences of lower-middle-class women in Cairo with their transition to modernity. Using the conceptual framework developed on women's roles in production, reproduction and community managing, and their practical and strategic gender needs, it is possible to identify what factors influence women's ability to participate in the program, earn an income, and become empowered. The important social dimensions of micro finance, which I argue are based in women's reproductive and community managing roles, must be integrated with the overall mission and vision of the parent organization providing micro credit to women, rather than developed outside it.

My interviews with the staff support the prevailing assumption that credit establishes a "virtuous spiral" of economic empowerment. It was

widely agreed that access to credit could reduce poverty at the household level, improve women's decision making power in the household, and contribute to women's greater empowerment in society. Documentation provided by Save the Children (USA) illustrates the same concern.

This chain starts with her capacity to purchase more food. A better diet and improved nutrition stimulate better family health. Improved health results in greater resistance to disease, higher energy, greater capacity for work and learning, and thus enhanced productivity. As family nutrition and health are stabilized, incremental investments in the education of children are almost certain to follow. Close behind education expenditures come investments in home improvements. Finally, these outcomes are paralleled by a near-total transformation of the borrower's self-respect (Save the Children, 1999, p. 8).

This "chain of positive improvements for the family" illustrates several assumptions. First, the belief that women's empowerment, household level poverty alleviation, and community development are inherently synergistic. Second, increased well-being will automatically enable women to empower themselves. Third, women's ability to meet their practical gender needs will allow for greater social change. Fourth, decision-making within the household is affected by income levels.

In order for credit to empower women, they must be able to use it for a purpose that they choose. However, women's agency and their goals can be heavily influenced by the values of the society in which they live and so may sometimes replicate rather than challenge the structures of injustice. Because of the influence of the socio-economic context over the range and exercise of choices, other factors must be considered that affect women's status and rights as a group.



What transpires is that the responsibility for becoming a “successful” borrower in the program is placed on the individual woman, who will overcome all odds and change society. The two “successful” case examples presented earlier in this chapter reveal important aspects of the program’s orientation. First, what it means to be a “successful” woman in the project: a woman who is capable of improving the quality of life (by providing for her children) through enhancing family income and savings. Second, a “successful” woman can work in nontraditional services (such as carrying heavy cylinders and making and selling drinks) as well as being engaged in several different business activities with her loan simultaneously. Thirdly, a “successful” woman can be the primary income-earner and provider for her family. And fourthly, a “successful” woman uses her personal initiative to resolve her own problems. These two cases further support Save the Children (USA)’s view that “access to credit and increased income enables women to take a more pro-active role in decisions regarding household expenditure and children’s education, health and nutrition” (Save the Children, 2001). What is particularly interesting is that the case studies demonstrate how “successful” women provide for the household.

The project aims to help women meet their practical needs, and it is assumed that women’s increased income will enable them to increase their decision making in the household and meet their own interests, which are considered to be the same as the household, particularly their children. The idea of the “successful woman” in micro credit begins with women’s access to loans, which is presumed to function as a catalyst inducing positive changes in respect of their socio-economic status, but with minimal attention given to the

need to support women's multiple roles in society. This narrow approach gives priority to women's productive role, supported by micro credit, and ignores the "social issues" associated with their reproductive and community managing role.

The paradigm shift not only affected the staff's understanding of micro finance, but created new assumptions about women's social and economic status that affected their participation. The research uncovered an assumption that women's access to micro credit will automatically lead to economic empowerment without other complementary interventions. For this reason the "mix" of micro finance with other social services became inadvisable, and called for the splitting of financial and social issues in the program. This is apparent when women's productive work is separated out from their other responsibilities, and the needs of women are subsumed to the institutional needs of the program.

Clearly, this paradigm shift is significant.

In this context attention is focused on promoting changes at the individual level or on meeting practical gender needs. The GGLS is not positioning itself to alter the power relationships between men and women, or to challenge their overall role in society.

In an interview a staff person explained that

...the philosophy is *not to activate the women*. Empowerment is a luxury people cannot fathom when they are fighting to survive. They do not care to have a voice in their community when their children are hungry and they need cash to survive. Because women are "fighting to survive" the women must work; it is not a choice when the man's income is not sufficient for the whole family.

As stated by a loan officer, “the goal is to help children and the family, not to activate the woman.”

Another example cited in documentation consulted in the field further demonstrates this tension,

Being economically dependent, especially in low-income families, forces women to become more and more passive about their decision-making in the household. The provision of micro credit loans to poor women is expected to improve [a] woman’s ability to make decisions based on her increased income that will supposedly translate into a *chain of positive improvements for the family* [my emphasis]. Thus, the provision of micro credit loans would allow women to borrow and increase their representation in empowerment (Save the Children, 2000, p. 7-8).

The Group Guaranteed Lending and Savings program, initially designed as a poverty alleviation model, targeted women with micro credit loans in order to alleviate poverty in the household. This objective reflects a range of policy goals that have been identified in the micro finance literature in keeping with the rhetoric: 1) poverty alleviation and household welfare; 2) equitable development with empowerment of women; and, 3) institutional needs of profitability and sustainability (Rahman 1999b, p. 150).

The findings of my research indicate, particularly with the adoption of a new underlying market approach to micro credit, that the provision of micro credit loans to low-income women - without viable opportunities for transforming existing power relations – does not facilitate women’s strategic gender needs or equitable development in society. By placing micro credit loans into the hands of women, Save the Children (USA) reinforces a prevailing gender ideology by assuming that when women earn money, they invest the profit into the well-being of the household and that of their children, and assume micro credit will “act on its own” to improve their condition. This

thesis argues that micro credit can serve as an entry point for women's economic, social and political empowerment, but this cannot be assumed and must be paired by recognizing women's roles in production, reproduction and community managing, as well as combining women's practical and strategic gender needs.

Based on the results, Save the Children (USA) uses micro credit loans to facilitate women's productive economic activities without challenging existing economic and political structures. But we know that women cannot simply be brought into economic development and become empowered to participate because of existing, intersecting systems of oppression based on gender and class, which are linked to their existing relations of production in the economy and in society. What I call the "do not activate the women" ideology will allow me to develop this analysis. By using the conceptual framework we will see how a narrow micro credit approach that does not consider women's triple roles in production, reproduction and community managing is very limited in meeting women's practical and strategic needs and empowerment potential.

### **"Do not activate the women" and Gender Ideology**

In Egypt, there is no national strategy for the micro finance sector. Micro credit initiatives run on a project by project basis, which limits any potential in the ability to bring about structural change or the transformation of markets. As long as individual projects are kept from organizing on a national scale, there can be no concerted policy advanced to support low-income women's participation in informal, mostly household-based income-generating

activities. But there is the potential for micro credit to support further local economic development. A quote from the Egyptian media illustrates this point. “People are discouraged from engaging in work that may provoke problems, especially since the Government has the right to liquidate NGOs engaging in advocacy – the essence of political activity” (Tadros 2002c quotes Farida El-Naqqash).

In this socio-economic context the “do not activate the woman” ideology meets the needs of Save the Children (USA) rather than the needs of the women. The micro credit program was redesigned to meet women’s practical needs rather than women’s strategic needs that would involve greater socio-economic change. Even though the organization chose to adopt a more narrow view of micro credit and empowerment, it could still enable women to access a forum that allows them to organize to protect their individual and collective interests. By refusing to acknowledge women’s voices on important social issues related to their triple role, which affects their micro credit activities, a strategic choice is being made by the staff of the program.

An important finding that illustrates this point is that the loan officers do not wish to “activate the women.” This statement made in an interview reveals that women’s participation in micro credit will not be used by the organization to challenge the prevailing economic and social relations that maintain women’s vulnerability and inequality, such as the existing gender ideology; but it could. For instance, if individual actions were taken collectively, women could be placed in a position to challenge the prevailing gender ideology that works against them for greater personal power and status in the public and private sphere. But the staff is aware of the risks given the

existing socio-economic context and gender relations. As Moser (1993) states “social and structural constraints influence the ‘implementability’ of programs” (p. 7).<sup>52</sup> In many developing countries employment programs for women are being used to tone down the negative effects of male unemployment, rather than promoting women’s long-term interests (Beneria, 2003, p. 11). Unfortunately, this decision works against the women who are striving to improve their situation. In order to better understand why this strategic choice was made, we must look at the operating funding dimensions of micro finance.

#### **Paradigm Shift: From Poverty Lending towards Financial Self-Sustainability**

We have seen how the adoption of a neo-liberal market orientation by the organization does not advance or support a social change agenda. The paradigm shift makes it clear that women will be left to their own devices in enhancing their material prospects, increasing their freedom within the household, and mobilizing vital community resources. The philosophy of the GGLS program supports the incorporation of women in economic development within the neo-liberal agenda. The GGLS recruits women to participate in micro lending activities – using a market approach – and by not challenging the existing patriarchal structure of the society. It is understood that women’s economic empowerment will be used for their own self-reliance, while at the same time allow women to meet their responsibility for household well-being.

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<sup>52</sup> Moser (1993, p. 8) discusses how women’s needs in relation to the state, in different political contexts, effectively controls women’s strategic gender needs through family policy relating to domestic violence, reproductive rights, legal status and welfare policy.

### **International Pressure to Conform to Financial Self-Sustainability**

Through various funding arrangements, Save the Children (USA) is affected by the larger international development discourse on micro finance. At the global ideological level one can identify a shift of policy towards more monetary, market-oriented and right-wing strategies (Hulme & Mosley, 1996, p. 146). Save the Children (USA) is involved in significant funding relationships with international donors and institutions that affect how it can manage, and determine, its resources.<sup>53</sup> In the literature reviewed it is shown that there is considerable pressure from donors and Western financial institutions for rapid scale-up of micro credit services to reach the goal of institutional financial sustainability. The relationship between NGOs and donors with respect to institutional development places priority in expanding outreach. The donors themselves are under pressure to show performance to taxpayers and to be accountable to them. Studies have shown that donors such as the World Bank and USAID are keen to push multi-sectoral, social development-oriented NGOs into the narrower function of micro credit (Rahman, 1999b, p. 145). The premise behind such an influence is that as NGOs increase in scale of operation and significance so does their ability to sustain costly social development activities at existing levels. If NGOs wish to continue to be attractive to donors in a larger scale activity, then they have to show that they are sustainable as institutions in the longer term by securing cost recovery through micro lending and other financial services. Thus, we

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<sup>53</sup> Hulme and Mosley (1996, p. 148) demonstrate the relative success of USAID in promoting and assisting commercially oriented loans programs through non-profit organizations. The ideological preferences of the U.S. government – small enterprise promotion, market-based pricing, economic growth as the answer to poverty alleviation – were effectively promoted.

can understand the organization's concern with maintaining high female loan repayment rates.

### **Changing Ethics of NGOs**

This emphasis on financial sustainability by the donors is changing the ethics of NGOs, or at least is creating an internal tension between "compassion and capitalism" (Rahman 1999b, p. 145, cites Greeley, 1997, p. 95). There is less space to allow agendas that include social development, human rights and social justice objectives. The withdrawal from macro-level critiques of capitalism to a micro-level analysis positions the individual as responsible for her situation. Given the context of current global restructuring and the withdrawal of the state as an employer and a provider of social services, it comes as no surprise that there is a renewed interest in the capacity of the informal sector to absorb workers in Egypt. However, from the perspective of social justice and gender equity, the informal sector has structural deficiencies for low-income women given their triple roles in production, reproduction and community management, and cannot be regarded as a panacea for unemployment or poverty (Moghadem, 1998, p. 106). Yet micro credit programs pursue women's productive activities as though they are not engaged in any other work.

As stated by a staff person, "a sustainable system can be built only on the basis of users undertaking responsibility." The emphasis on cost recovery and profit making in micro credit, necessary to develop sustainable micro finance programs, is no longer based on the altruistic motives that underlay its formation.



### **Separating Social Services and Social Concerns from Financial Objectives of Micro Finance**

While many non-governmental organizations initially provided basic social services and micro credit through the same program, there is a shift away from this comprehensive approach to human development.<sup>54</sup> In interviews with the staff I was told that the objectives and culture of social development program ‘clash’ with those of the micro finance program. For example, a successful micro finance program needs a business orientation (UNDP, 1999). Interestingly, the perspectives of the beneficiaries participating in such programs are not included. Focusing on micro credit as a separate “financial” intervention ignores some of the most important aspects of women’s lives. As Kabeer (2003) identifies “there is a ‘magic bullet’ mentality among many policymakers that complex issues of gender and poverty can be dealt with through a single ‘strategic intervention’; in reality people’s lives cannot be divided into neat compartments which are kept insulated from each other” (p. 234).

By using the conceptual framework we can see how women’s reproductive roles are ignored, and taken for granted, given this focus on women’s production. But we must ask some questions. For instance, how can a person provide an education for her child, if she is later expected to pull the same child from school to help with a business? What are women’s aspirations? The social dimensions of micro finance – based in women’s reproduction and community managing roles - must be integrated. By taking

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<sup>54</sup> Beneria (2003, p. 16-17) explains that “human” rather than “economic” development reflects a vision of development beyond its material aspects.

into account both women's productive and reproductive roles calls for an integration of women's social and financial concerns in micro credit, which are linked and interrelated. In this thesis I will continue to argue how women's work in micro credit is influenced and in many ways determined by women's roles in production and reproduction.

### **Institutional Lending Structure and Group Liability**

The lending scheme of the project involves the formation of solidarity groups in which women borrowers in their groups are jointly liable for each other's loans. Save the Children (USA) initially sought to build trust, mutual self-help and increase solidarity and unity among peer loan group members. Women's participation in these self-help groups was expected to foster their increased well-being, community development and self-sufficiency. The project continues to emphasize homogenous peer loan groups (no family members in the same group) for building and maintaining solidarity between group members. However, this solidarity is now used primarily for ensuring repayment. The evidence lies in the various forms of repayment discipline adopted by the loan groups, and encouraged by the project staff. The group objectives of generating trust, mutual support, and solidarity are shadowed by the imposition of late fees and penalties by the group. Micro credit programs using a group-based methodology cannot be credited for developing unity and mutual self-help initiatives. For example, Nawar (1995, p. 159) shows that low-income women tend to find adequate support and community involvement through more informal networks. And, in many cases, women's informal networks predate the introduction of credit schemes in their neighborhoods. In

addition, because women are required to form groups in order to access credit, these 'artificial' groups may undermine other groups already in existence (Momsen, 2004, p. 236).

The current practice of joint group liability gives the lending institution an alternative to conventional loan collateral, it also facilitates three important aspects of the new underlying approach to institutional lending: by enabling the organization to transfer default risk from the institution to borrowers, by reducing transaction costs, and by ensuring high repayment rates required to achieve institutional financial sustainability.

Given women's vulnerability in attempting to balance their reproductive and productive roles, and in light of the existing income-generating options available, they are easily disciplined by the institutional lending and group liability structure. Given the socio-economic context in Cairo, women face limited options for engaging in economically productive activities. Women's vulnerability is used by the organization to obtain their regular attendance in weekly borrowers' meetings at the loan center, as well as to maintain a rigid loan repayment schedule that meet the needs of the institution. Women are forced to attend time consuming meetings at the loan center. Women incur late fees for failing to repay their loan on time. Given women's triple roles they face time constraints and conditions that impact their participation in the group. These practices of joint liability serve the micro credit program rather than the needs of the women borrowers. Further, the need of the institution is given priority over the needs of women as the responsibility for policing the terms of repayment is transferred to the group

liability structure, which can impact women's preexisting neighborhood networks at the community level.

### **Link between High Repayment Rates and Institutional Viability**

We saw how low-income women borrowers maintain high repayment rates on their micro loans. In fact, Save the Children (USA) claims it has over 95 percent recovery rates on its loans to women. The fiscal performance reflected in the high repayment rate is often cited as one of the successes of the program. But it also encourages the idea that higher interest rates could cover the cost of services provided to the clients. What we see is that high repayment rates in micro credit programs are linked to an institution's viability. Because the achievement of financial sustainability has become a key factor for institutions providing micro lending services to poor people, very high repayment rates are demanded. This can determine the financial and economic viability of the sponsoring institution via its cost recovery in the micro credit program.

In this context a rigid repayment schedule can present a burden for many women trying to balance their roles in reproduction and community managing with their productive economic activities supported by micro credit when they sell their goods on installment payment plans. Because women's returns are not always earned on a weekly basis, borrowers may use part of the capital to pay the repayment installment. This process contradicts the way in which micro credit is supposed to work. For this reason there is a difference in perspectives on how the women and the staff view high loan repayment rates. For Save the Children (USA) high repayment rates is an important

indicator of success for the program. But for the target women beneficiaries it can work against them. High loan repayment rates represent a burden for women; at the same time they ensure the institution's viability. It must be asked for whom are these programs meant to serve? High loan repayment rates cannot be assumed to benefit the clients and institution equally.

### Summary

In this chapter I present Save the Children (USA)'s Group Guaranteed Lending and Savings micro credit program, and analyze its philosophical orientation and operational lending structure using the concepts of women's roles in production, reproduction and community managing, and women's practical and strategic gender needs. As previously discussed in the literature reviewed the poverty reduction potential of micro credit is perceived as a process through which poor households "graduate" from their poverty situation. Save the Children (USA) complies with this idea of a "virtuous spiral" by injecting capital in the form of credit to generate productive employment, higher incomes, and more investment (Mayoux, 1995). The philosophy of the GGLS program presented in this chapter demonstrates this point. However, using the conceptual framework developed we can see how this model of poverty and the focus on credit as the solution is too simplistic because of a range of factors other than investment that reproduce poverty and contradict the view of empowerment being put forward in this study. By incorporating a more holistic view of women's work, that reflects women's triple roles in production, reproduction and community management, I argue

that a more comprehensive approach is warranted beyond what is currently being offered.

In this chapter several ideological influences are shown to have an impact on women's ability to negotiate their micro credit loan. The first major influence is the ability of donors to support a range of micro finance activities through various funding arrangements. By providing grants, lines of credit, lending guarantees, or technical assistance, donors are the main source of funds for the development of micro finance services (UNDP, 1999, p. 37). In this role donors influence the philosophical orientation of micro credit programs. The approach that donors take to micro finance and the requirements that they set can greatly affect the development of programs and the future of many micro credit institutions (UNDP, 1999, p. 37).

By analyzing the lending practices adopted by Save the Children (USA) it is possible to pinpoint an institutional pressure for the rapid scale-up of services to reach the goal of institutional financial sustainability. The shift from a poverty-lending micro credit model to a financially self-sufficient institution reflects a new relationship between NGOs and donors that places priority in expanding micro finance outreach. Many social development-oriented NGOs are pushed into the narrower function of micro credit (Rahman, 1999b, p. 145). If NGOs wish to continue to be attractive to donors in a larger scale activity, then they must demonstrate that they are sustainable as institutions in the longer term by securing cost recovery through micro lending and other financial services.

In this context it is possible to understand Save the Children (USA)'s eagerness to achieve financial sustainability as a key factor in providing micro

credit lending to poor women. For this reason the performance of the program (and its financial and economic viability) is determined by cost recovery in the programs. A key aspect of cost recovery in micro credit lies in maintaining high repayment rates. It is for this reason that low-income women must maintain high repayment rates. The practical and strategic gender needs of women become secondary to this institutional goal; the primary aim is no longer women's well-being. In this climate it is not possible to reach the goal of women's emancipation, and its specific aim identified as the achievement of equality, equity and empowerment through the meeting of strategic gender needs (Moser, 1993, p. 9).

If micro credit programs are to realize their empowerment potential it is crucial to reintegrate the social dimensions of finance. In this chapter I demonstrated that women are strictly forbidden to discuss their social concerns in the loan center. The staff separate women's financial concerns in the program from the social issues that affect their lives and their ability to manage their micro credit loans. This separation of "social issues and financial concerns" works contrary to the needs of women borrowers. Women's micro credit loans as a development tool must be integrated and interlinked with women's reproductive work, social welfare and empowerment as an integral part of women's work.

The next chapter on "Women, Marriage and the Family" will further provide evidence that women's social concerns need to be addressed in micro credit.

## **CHAPTER SEVEN**

### **Women, Marriage and the Family**

In the previous chapter, I reviewed the Group Guaranteed Lending and Savings (GGLS) program sponsored by Save the Children (USA), and examined its mandate, origins and basic philosophical orientation. All of these elements influence, in turn, the organization's choices about ways to intervene in the micro credit debate to reduce poverty and empower women. This chapter explores women's perspectives regarding the role of women, marriage and the family, and the factors that affect these domains as they relate to women's participation in micro credit. The results of this research reveal that the importance of marriage and the family as a social and institutional force in society remains strong in Cairo, and serve a number of roles that will be discussed.

In this chapter, I review the context of marriage and its relationship to micro credit, as well as how these factors influence women's empowerment outcomes and strategies. Before a discussion of the diversity of ways women create strategies for empowerment, I discuss how women's traditional power has resided in meeting their reproductive responsibilities, and how women's strategies continue to be linked to their desire to have their children marry and, in essence, 'reproduce the family'.<sup>55</sup> As we will see, women do not wish to challenge their traditional reproductive responsibilities by taking on more productive work supported by micro credit. Once it is clear what the women are trying to achieve, I discuss the three major strategies that women use to achieve their objectives in Cairo – contributing to the household economy,

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<sup>55</sup> The term 'reproducing the family' is used by Singerman (1997).



securing housing and adequate furnishings, and educating their children. In the second part of the chapter I analyse the results using the conceptual framework developed.

### **Importance of Marriage and the Family**

#### **Composition of the Household**

The focus groups showed that all of the women participating in the program were living in a household with someone else. The great majority of Egyptian women are married (Nawar, 1995, p. 149). Most of the women were living with their children, and many of them, with a spouse. The women with children had between two and five children. Some women were also caring for other dependents. For these women being a mother or caretaker was central in their decision to engage in micro credit. Women justified their participation by saying they were doing it for the benefit of their children. These findings are significant because they concur with the literature reviewed, and reflect the continuing importance of the family, and the centrality of marriage, in the lives of Middle Eastern men and women (Hoodfar, 1997, p. 52; Singerman, 1997, p. 49-50). Adulthood and self-realization continue to be achieved through marriage and having children (Hoodfar, 1997, p. 52). The strong social and religious sanctions against non-marital cohabitation mean that unmarried couples who live together are not a significant category, as they would be in some European, African, or Western settings (Nawar, 1995, p. 149). We know that while marriage is often delayed because of financial hardship, the idea of remaining single by choice is beyond the imagination of almost everyone – young or old, male or female (Hoodfar,

1997, p. 52; El-Noshokaty, 2002). In order to understand how marriage practices in Egypt contribute to reproducing gender-ascribed roles that affect women's practices in micro credit and empowerment outcomes, we must begin by examining the context of marriage in Cairo.

### **The Context of Marriage**

The context of marriage is a factor influencing women's participation in micro credit loan activities on many levels. From the selection of income-generating activities to developing innovative payment schedules, women's primary aim is to fulfill their gender-ascribed role in the household. In fact, I argue that women's empowerment outcomes are linked to their ability to meet their reproductive responsibilities.

Women's role in reproduction takes place in the context of marriage, primarily based in the household. Marriage in Egypt is regulated by custom, religion and the legal system, which dictate different roles and responsibilities for men and women. Muslim marriage gives certain rights to a husband in return for his expected financial contribution to the family. Traditionally, men have been responsible for providing for their families. While women would like to continue to depend upon the male financial contribution, they are aware that it has become increasingly difficult for men to provide for their families for several reasons: inflation and the higher prices for goods, limited employment prospects and higher material expectations. Because of these factors women recognize that it is difficult for men to meet their gender-ascribed role as breadwinner. Thus, many women feel compelled to help their husbands by increasing their productive work. Micro credit is the tool that

supports women's growing need to engage in income generating activities (production), which in turn is used by women to support their roles in reproduction and community managing.

### **Household Relations**

One of the questions I asked the women was "What would you tell a woman who was interested in micro credit?" The women agreed that it was not a problem for a woman to have a loan, to make some money and to pay back the loan in small installments. It was acceptable for women to engage in this kind of work. I further asked the women, "What if the husband disagrees with the woman's participation?" and they said to me:

Why should he? She brings money into the household, *it helps him*. Woman's primary responsibility is the household, his is as the provider. He cannot refuse when you work in the home well and do all your usual things. And you need the money.

Some of the women expressed interest in acquiring modern amenities for the home such as a cooker, refrigerator or television set. Many of the women actually purchased basic food items. Some of the women revealed that men tried to find ways to minimize their financial contribution and responsibilities in the household, especially now that they [the women] were making money. Women were interested in acquiring goods that would make their lives easier in terms of their reproductive work. While women now share the economic burden of their families, very few Egyptian men are prepared to share in the housework.

During a focus group the women spoke of the "male mentality of doing nothing." Most of the women received no money from their husbands. In fact, one of the women said her "husband became lazy since she started

making money.” Cash-earning women were alert to the fact that their efforts in providing more cash for the household might result in the reduction of their husbands’ contributions, which they did not like. Women expressed that, in some cases, they are struggling just to meet their previous needs/lifestyle. In some cases women’s income (as a result of micro credit activities) is not generating new resources that could be used for investment purposes, but replacing what their husbands used to provide. Thus, micro credit is replacing the male financial contribution in the household, or substituting for community or government subsidies that no longer exist. Given this situation it is difficult for women to reach the level of investment required to maintain the “virtuous spirals” in micro credit. Often, the money is spent rather than reinvested in the business.

### **The Myth of the Male Breadwinner**

Interviews with the women and the male loan officers showed a link between men’s masculinity and their role in marriage as the major breadwinner. In a focus group I was told by one of the women that her husband had “a low income.” Immediately, another woman in the group interjected and said that this woman’s husband was unemployed. The first woman was embarrassed. She admitted her lie and then confessed to the group that she was the one providing for the house. Despite being the primary breadwinner, she wished to protect – and reinforce - her husband’s role as provider. Interestingly, all of the women in the focus group responded by telling her that *it was okay*. This data reveals important information about women’s roles and changing attitudes in present-day Egypt.

Muslim women do not wish to diminish their husbands' status by saying they are not providing. But it is not a gain for women to become household providers. Even though women have the right to control and dispose of their wages without having to contribute to the household, many do not consider this an achievement. Women would rather maintain their husbands' contribution, and supplement the household allowance by acquiring what they need to support their responsibilities in the home. This became evident when the women told me what they wanted to do with their income earned. In order to understand what resources women control, and their aspiration for financial security, we must consider the *mahr* practices still prevalent in marriage practices in Cairo.

### **The *Mahr* Practices**

In Cairo a woman is entitled to her *mahr*, which is defined by Hoodfar (1997, p. 53) as a sum of money or tangible property agreed upon before marriage. As Hoodfar (1997, p. 53) shows Muslim women have always had the right to control and dispose of their own property, including inheritances or any wages they may earn, without having to contribute to the household. This practice is currently being eroded in light of economic conditions. Hoodfar (1997, p. 53) found that while women may inherit from their blood kin, they inherit only a negligible part of their husband's property. And, in the case of divorce, a wife is entitled to only three months alimony, her *mahr*, those possessions she brought with her at the start of the marriage, and what she may have acquired with her own income during the marriage (Hoodfar, 1997, p. 53-54). For these reasons, the security of marriage and strengthening the male

role as the breadwinner is an important factor for women's financial security. Thus, it is possible to understand why women are not interested in challenging prevailing gender-ascribed roles in this context.

**“We do not want trouble with husbands”**

The loan officers demonstrated that women's new role as provider could diminish or threaten the men's masculinity, which they did not want. A loan officer informed me that

The loan center does not get involved in family affairs. We do not want trouble with husbands. Some of the women are taking loans without their husbands' knowledge.

According to another staff person,

There are cases of household divorce. Sometimes women get divorced after having received a loan because they started to make some decisions and the men didn't like it. But many women must make do with what they can and accept it [unhappy marriages].

Gender ideology and the marriage institution provide a framework within which both genders try to manipulate the norms and promote their own interests, within marriage and outside it. In the process, asymmetric gender relations and gender ideology, which often disadvantage women, are reproduced.

A loan officer based in the loan center stated,

All of the women will say that their husbands make the decisions at home. For this reason, it may be better to find out what they [the women] do rather than pose direct questions about who decides what in the household.

This evidence provided by the interview examples illustrate that gender relations are in flux. Micro credit contributes to this sense of uneasiness regarding the 'proper' roles and relations between men and women. There is a

tension created for women with respect to their relations of production and reproduction, which is evident in the following journal entry recorded in the researcher's notes.

During one of the focus groups, one of the women became very upset. She started to cry. She was angry at her husband for being unemployed. He used to work as a tailor, but now that more people were buying used clothing in the market, he had few clients. The translator said that she still had to have her clothes made because she was too fat! Everyone laughed. It became evident that this woman was experiencing stress. She said that she was responsible for paying her children's school fees while her husband was unemployed. Actually, she paid for everything. It became evident during the focus groups that, for many women, there is a cost due to heavier work loads resulting in increased stress affecting their physical and mental health.

The socio-economic context of marriage as an institution and practice is a factor to consider in this study given that women are very aware of their restricted rights in marriage (Hoodfar, 1997). Marriage practices at a macro level influence women's roles and responsibilities in production and reproduction. A Muslim husband is assumed to have the unilateral right to end his marriage without the consent of his wife, to have as many as four wives, on the condition that he can provide adequately and equally for all of them and treat them equally, and the right to restrict his wife's physical mobility, which has come to be understood as the husband's right to prevent his wife from being employed (Hoodfar, 1997, p. 53). Should a marriage end in divorce, husbands are given the guardianship and custody of their children (Hoodfar, 1997). Women, particularly those with children, are aware that they stand to lose more than men should the marriage fail. Given the context of marriage in Cairo, it is possible to comprehend why women do not want to claim the role of household provider even when they are 'paying for

everything' through their micro credit loan activities. It is also possible to understand how difficult it is for women to meet, on an individual basis, their strategic gender needs for greater empowerment and gender equity.

**“We just don’t want their humiliation”**

In a semi-structured interview I was told by a woman that “men do not appreciate our work.” Other women felt more strongly that if they did not perform their work in the household, they might be thrown out. The focus groups revealed a world of women who support the house. In return for their work, they want respect. The women expressed an empowerment outcome: need for individual dignity and respect.

Several women told me that they used their micro credit loan to work from home, which allowed them to combine their childcare and domestic responsibilities with their micro credit work. Many women felt responsible for creating a harmonious home. One woman said that “it pleased her husband” because the home is still cared for. But this was not the case for all of the women. Many women felt they were unable to keep up with their domestic work, which created tension in the home.

One of the women said:

[The] men don’t thank us, but we do not want their thanks, we just don’t want their humiliation.

“God will have his revenge” said one of the women. “We need to bury all the men.”

Another woman said:



We must concentrate on bringing up the kids. Women live in the shadow of men – but it's better to be in the shadow of the wall.<sup>56</sup>

Women's participation in micro credit was influenced by polygamous marriage practices. A loan officer stated in an interview:

There was a group with two women living in the same neighborhood who shared the same husband [polygamous marriage]. They were both selling fish. He [the loan officer] laughed and laughed. I asked rather hesitantly if they [the women] were friends, and he said "no way". He told me to imagine the competition between them for their husband's attention. They were both selling in the market, about 10 meters away from each other in the same market. He asked me, "Who is the husband supposed to buy his fish from?" He then told me that as a result of this situation, they adopted a new rule that it was not allowed to have mother-daughters or sisters from the same family in the same group.

### Household Economy

Given the socio-economic context in Cairo, inflationary spirals have put pressure on Egyptian families to find new ways of earning an income. In many cases this income comes more and more to depend on women's initiatives. But, even though women are participating actively in the informal economy, there is a sentiment shared by many women that if accommodation must take place, it must be in the role of *women as workers* rather than *women as mothers*. Because women need the money and "must do all her usual things" they are aware that their actions may be bringing about unconscious social change. It appears that many husbands also hear that message. Raised by women who did not work outside the home, the husbands are accustomed to a household in which their every need is met. This is more difficult now that women are sharing in the economic burden of their families. In this

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<sup>56</sup> This is an old Egyptian saying.

context there is a certain appeal to the Islamic regime promising better times and preaching of a woman's place.

### **Why Participate in Micro Credit?**

In the interviews women told me that earning cash was their most important reason for participating in this micro credit program. Women participate in micro credit because they want to make money to improve their situation and to relieve their poverty. A woman's contribution is a financial necessity. Women are aspiring for financial security. This finding is not surprising given the recurring need for cash due to inflation and the rising cost of basic social services.

Women's monetary and nonmonetary contributions are important in the context of the household. The interviews revealed that many women actively contribute to paying recurrent expenses such as food, clothing, education and rent, which are traditionally viewed as a male responsibility. Some women were accumulating assets, which could be used for other activities in the future, such as marrying off a child. Interviews with women revealed that some of them were fully providing for their families, which provides evidence that allows us to question the myth of the male breadwinner. It is significant that some women hide their participation in micro credit from their families.

The majority of the women participating in the program constituted the first generation of working mothers outside the home in their family. According to Save the Children this lack of work experience outside the home reflects women's limited financial autonomy in general in Egyptian society.

In Egypt, fewer than one in five women work for cash. Among those who do have cash earnings, two in three give all their earnings to the family (Save the Children, 2000, p. 7).

Women's responses in the focus groups further provide evidence that they are participating in micro credit activities in order to earn cash. The opportunity to participate in the program gave some women their first chance to engage in such activities; for others it was the first time they had ventured outside the home.

The women justified their project activity by saying they were "providers" for their children. As mothers, the women had to combine their micro credit activities with their reproductive and community managing work. This was not an easy task. In addition to marketing their businesses, they were responsible for caring and reproducing their families, and they faced problems accessing essential social services such as public transportation, housing, health care and education. It was brought to my attention in the semi-structured interviews that daughters in particular may be withdrawn from school to assist their mothers with their micro credit activities. Although my interviews with the women did not confirm this finding, I believe it deserves to be mentioned because of the ongoing high rates of child labor and poverty in Egypt and the Middle East region.

Women's responsibilities for domestic work in the household presented yet another obstacle. The women told me they received no help with their work. "People will do nothing for you." During the focus group a common subject discussed was the women's lack of help in the house. The women said that their children could not help because they were too busy with school or they were too young. Older girls could not help with the project

activity because they were not supposed to go to the market, due to cultural practices. The women spoke about being busy at home, in terms of their domestic work. Since they started participating in the project, they were “more busy” with their time in the house. There was “less time” for them to do their domestic chores while they were involved in their micro credit project because the men did not help at home. Women were expected to carry on their household duties as before by themselves. The men rarely assumed household tasks in any kind of meaningful way.

The women told me that they chose to invest in activities they already knew and were familiar with, based on their experience. Because women must combine their income-earning roles and domestic responsibilities, their selection of an appropriate economic activity reflected this reality. They did not expect to receive any help, so they chose to invest in project activities that they felt they could manage by themselves, independently.

In the focus groups and semi-structured interviews the women cited that their most important reason for participating in this project was “making money.” Many women were aiming for significant increases in their own income. The women said, “You can always find a loan but this one can be repaid.” This statement reveals that some of the women had previously borrowed money from someone else (a moneylender, neighbors, family) and had experienced concerns with repaying their loan. Most of the women expected that if they received more loans, they would be able to increase their profits. And this cycle would help them raise their children. One of the women told me that upon receiving her micro credit loan she left to pay her children’s school fees, and then went to the market.

When I asked women how they felt about the program, the women said they felt happy they were making money. The women said, “it is important for women to have cash to spend themselves.” This statement is significant because it shows that *women want to earn cash to spend themselves* rather than pool their income into the household. Other studies have found similar findings. For example, Nawar (1995, p. 169) found that women in rural areas valued their freedom to allocate income as they choose without a husband’s interference and without becoming dependent on him entirely.

Some of the women said that they are not earning the primary income in the household. But I was told by a loan officer, that for cultural reasons, many of the women would probably not say so even if they were earning a higher salary than their husbands.

### **Women’s Expectations**

In the focus groups I asked the women about their expectations when they decided to take a loan; the women voiced their responses:

- “to buy furniture and fixtures for the home”
- “to marry their sons and daughters”
- “to buy a TV”
- “to purchase food and meat for children”
- “to repay a debt”
- “to manage household improvements”

In the semi-structured interviews the women named their benefits from participating in micro credit:

- “bought a cooker”

- “made house repairs”
- “bought a new bed”
- “prepared her daughter for marriage”
- “found a bigger apartment”
- “paid for private lessons for children”
- “bought a TV”
- “bought fans”
- “installed plumbing in the house”

The women did not reveal whether these items would have been bought by a husband, nor did they explain whether these items were considered basic needs. The difference between what women wanted when they first decided to take a loan, and what they received (in naming their benefits) can be explained, in part, by the time lapse of at least one year from the time they first accepted a micro credit loan to their present-standing in the project at the time of this research.

In addition to these benefits, I was told by one woman that she used her own money to cover installments when others are late (LE5) – and this was a benefit to her. Another woman told me that she used her micro credit loan to pay her debt to the wholesaler.

Both in the focus groups and semi-structured interviews women revealed what they wanted for their children:

- “to marry their children”
- “to equip their children’s new homes”
- “to go on pilgrimage”
- “to change apartments for a bigger place”

- “to educate the children”

### **Repaying a Debt**

While credit is a resource for poor borrowing households, it is also debt and a risky strategy for the most vulnerable. Credit can be a burden on poor households, especially in a crisis when even the small weekly payment strains households without a regular cash flow. In this context the creation of debt cycles is a concern. Many of the women said they repaid an existing debt when they received a new micro credit loan. The payment of an existing debt can create difficulties for the micro credit project supported by Save the Children (USA). The deficit in the capital is at risk of becoming greater with each new loan cycle, creating a spiraling debt cycle for women borrowers.

### **Housing**

During the course of my field research, I interviewed a group of women that faced a problem with their housing. The women were comprised of neighborhood returnees and had participated in the program for several years. Approximately one year before our interview they were evicted by the Government and forcibly resettled to Helwan, an industrial neighborhood located very far from the city center. The women had received micro credit loans in the project, but became ineligible during their period of eviction because they were residing outside the boundaries of the project. During their forced eviction, they lost everything. It was a very difficult period. I spoke with these women after they had returned to their neighborhood, on the day they were going to receive their first micro credit loan after resettling in the

neighborhood. The women were planning to use their micro credit loan to improve their housing and assist in resettling into their neighborhood. For these women making improvements to their housing was a priority.

Housing issues are frequently discussed in the literature. For example, Rugh (1984, p. 245) describes how urban Egyptians feel keenly the difficulty of locating housing, or, if already possessing accommodations, of adjusting their housing to new needs. "Housing" themes frequently came up in the focus groups. As will be shown there is a relationship between housing and marriage, which will be discussed. Many women hoped to improve their household relations by making investments in housing, and for meeting their reproductive role in marrying their children.

Housing has become a scarce resource as a result of rapid population expansion, internal migration to cities, antiquated rental laws, and insufficient attention to stimulating the housing industry (Rugh, 1984, p. 244). The relationship between marriage and housing is such that young people must find a physical space to create a new home before marriage. According to the literature reviewed it has become commonplace to extend the period between engagement and marriage to several years while the family searches for an apartment (Rugh, 1984, p. 245-246; Singerman, 1997, p. 111).

The fundamental problem is that new households must be absorbed in Cairo's physical dimensions. As Tekce, Oldham, and Shorter (1994, p. 9) explain this space is generated by expanding existing structures, by spilling over into surrounding areas, and by shrinking the size of the home. In Cairo it is very common to find housing expanding upwards, where additional floors are added to existing buildings. Sometimes the roof is used to accommodate a



new household. In Tekce, Oldham, and Shorter's (1994, p. 9) study many families chose to add a floor and allocate dwelling units to their children when they start their own families. However, this strategy is not always possible. Newer settlements have been created on agricultural land, desert or hillsides, and away from the family.<sup>57</sup> The official urban development strategy in Cairo favors expansion into the desert, led by the prior placement of infrastructure – but even so, agricultural land is preferred because it already has some kind of water if not good sewage, and people cannot wait for the State to install required facilities.

The pressure for housing is intense. The expansion process unfolds in three ways. One type is more or less planned and controlled development, another is uncontrolled building on private land (almost always agricultural land), and the third is uncontrolled squatting on state land. Eighty percent of the dwelling units built in Cairo since 1970 is in one respect or another informal (Tekce, B., Oldham, L., & Shorter, F., 1994, p. 10). These informal communities are largely composed of sturdy brick structures, often reaching three to six stories high. People have built outside the law because there was rarely any other option, and their needs had to be met somehow. This kind of 'direct action' has brought many problems, since communities can be established without any minimal infrastructure or services and have crowded layouts or dense intermingling of incompatible land uses (Tekce, B., Oldham, L., & Shorter, F., 1994, p. 11).

Cairo contains well over one hundred spontaneous communities, housing over seven million people who have quietly claimed cemeteries,

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<sup>57</sup> This is the case in Imbeba.

rooftops, and the state/public land on the outskirts of the city; these rural migrants and slum dwellers have also subdivided the formerly agricultural land surrounding the city and put up their shelters there unlawfully (Bayat, 1998, p. 3). By their sheer perseverance, millions of slum dwellers have forced the authorities to extend amenities to their neighborhoods by otherwise tapping them illegally (Bayat, 1998). This includes electricity, telephone lines, and sometimes water.

In the focus groups many of the women were very aware of their important role in marrying their children in the future. Marriage represents a very significant cost for families, an investment that requires years of savings, largely due to the housing expenses for a new couple. Singerman's (1997) study found that the most costly outlay in marriage is housing (p. 111).

### **Education**

For many families educating their school-aged children is a major expense. All of the women in this study contributed substantially to their children's educational expenses, although this is considered a husband's traditional responsibility (Hoodfar, 1997, p. 201).

In theory, education is free and compulsory for all children. But with high population growth, many schools have become overcrowded and inefficient. Teachers are poorly paid and are forced to supplement their earnings with private lessons and tutoring. In effect, schooling has become partly privatized because students are expected to go to private lessons in public schools or take "private" tutorials with their teacher (Hoodfar, 1997, p. 199).

In many urban households, education (or other training) has become the critical prerequisite for the other desired goals of adult life, a way to earn a secure income at an appropriate status-level position and to attract an appropriate spouse. Children more than ever depend on the support of parents to provide the resources, conditions conducive to study, and the restraint to forego the work and income children might provide (Rugh, 1984, p. 258).

Families' assessment of the labor market continues to affect their funding allocations differently for girls' and boys' education. Until the early 1980s, households invested their meager resources in educating their sons to qualify for relatively well-paying jobs in the public sector. However, as the salaries of these jobs failed to keep up with inflation, many households took their sons out of school and arranged for them to go through apprenticeship training for technical jobs, whose salaries are much higher than those in the public sector. This situation released some resources for girls to continue their education, in the hopes of enhancing their chances for a suitable marriage. The education of children is viewed as an investment in the family's future (Kamphoefner, 1996, p. 97).

A large proportion of Egyptian women are illiterate and never attended school (Nawar, 1995, p. 154). Nawar (1995, p. 154) found that for those women who did start school, but were obliged to drop out, "family obligations" were the most frequently cited reason for doing so.

Without a doubt it has become a priority for women to educate their children. Many women spoke about how they paid for private lessons for their children so that they would be "passed" by their teachers. The women told me that they had to pay this "tip" to supplement teachers' salaries. "If a child

doesn't pay for private lessons, he/she will be held back a year." The women were very motivated to educate their children. In semi-structured interviews women revealed that they did not want their children to be "ignorant". The women were future oriented and dreamed of a better life for their children.

In a focus group the women agreed they were "doing it for their children, making a better life for their kids, and sending them to school." The women forcefully told me that they want their children to get married, have a regular job, and get a diploma or certificate. The women "dream that their kids will have it better." This is a major motivation and factor in their decision to participate in a micro credit program.

### **Analysis of Data on Women, Marriage and the Family**

The second part of this chapter analyzes women's gendered roles in marriage and the family, and their influence on productive economic activities supported by micro credit. By using the conceptual framework (women's triple roles, practical and strategic gender needs, and empowerment) I will outline how women's gender roles in marriage and the family are in "flux" due to their relationship with the larger economic and social environments. Furthermore, certain aspects of social, economic and cultural norms determine women's ability to participate in urban employment in developing countries (Momsen, 2004, p. 182).

The results on how married women engage in micro credit activities and spend their income, and to what extent they get support from their husbands (or other relatives) provides evidence of gender-role changes in families when women participate in the informal sector of the economy. In the focus groups women expressed opinions concerning the appropriate reasons for women's income producing work. The women agreed that micro credit was appropriate for women. This must be understood in the context explained by Singerman (1997, p. 78) that some men refuse to allow their wives to work, despite women's qualifications and interests. Almost all women who earn an income reported doing so to support their families. Similar findings were reported by Nawar (1995, p. 157-8) who found that women tend to believe that the legitimate reasons are connected to economic necessity and helping the family financially. Similarly, MacLeod (1996, p. 41) found that women cited the need to pay expensive rents, to save key money for a flat or to buy food for children, as reasons for working. Many

women feel free to spend that money without interference from their husbands. This can be explained by the traditional separation of spousal assets within Egyptian marriage. Surprisingly some women report that they are responsible for all household expenses. Many women report receiving less regular contributions from their husbands as a result of their increased productive work. Given the legal and customary responsibilities of a husband to provide financially for his wife and children, the high degree of financial contribution from income-earning wives in the informal sector signals a new trend.

In order to understand the reasons for women's increased productive work it is necessary to outline some of the changes in the larger socio-economic context in Cairo. A market-driven neoliberal economy (under structural adjustment) has diminished the public provision of basic social services (like housing, education, primary healthcare, government subsidies (food), and public sector employment (government jobs). Many households are forced to increase their work, to earn income. As this study demonstrates this is true particularly for low-income women. This behavior has been called "invisible adjustment" implying that women make adjustment policies socially possible by increasing their own economic activity and working harder (Momsen, 2004, p. 227). The fact that women's increased income-earning work takes place in the informal economy only increases its invisibility. Under increasing economic pressure women are forced, out of economic necessity, to take on additional income-earning tasks. The women interviewed in this study clearly communicated their objective – to earn cash. Women are coping with this economic restructuring by using micro credit to support their

increased productive income-earning work while at the same time meeting their reproductive and community managing roles. Singerman (1997) demonstrates that “the needs, desires and political preferences [of the poor] are inextricably linked to their material condition, and they develop informal methods and strategies outside the framework of formal institutions to fight their ‘bread and butter’ issues” (p. 8).<sup>58</sup>

Women’s increasing economic role has led to a new shift in “identity” at the household level. Some of the women in this study are the new breadwinners in Cairo. These changes touch core values about gender roles, power, and relations within poor households, and create anxiety about what is a “good woman” or a “good man.” Values and relations are being renegotiated quietly. Women tend to report agreement with the cultural norms of their society, even when those norms were at odds with actual behavior. What emerges is that women are not consciously challenging gender-ascribed roles in society, but this is happening in different degrees. Evidence of this change can be seen in the interview example when a woman was found to be lying about her husband’s unemployed status. What is striking is that, despite widespread changes in gender roles, traditional gender norms have shown remarkable tenacity, leaving families struggling to meet the often-contradictory demands. In interviews at the loan center this contradiction became apparent when the women and the staff adamantly claimed to be supporting the male in his traditional role as household provider – even in cases where women were the ones providing. Singerman’s (1997) asks “is a woman merely self-interested and materialistic when she demands an

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<sup>58</sup> Khouri-Dagher (1996, p. 111-112) argues that food issues are critically important in contemporary Egyptian households. Expenditures on food represent a significant portion of an average family’s budget.

expensive engagement gift or is she supporting the power and rights of women?" (p. 7).

In the absence of outside support, it is unclear whether these changes will, in fact, lead to more equitable gender relations. More women and men are being exposed to market forces, yet women's relationship remains more complicated than men's since they are at the crossroads of production and reproduction. Bayat's (2000) quiet encroachment of the ordinary theory allows us to contextualize this unknowing redefinition of gender roles as women take individual action to adapt to changing environments. Women's opportunities, such as participating in micro credit, are influenced by the broader institutional environment, in which households exist and interact, such as the state, the market, and the community.

As Singerman (1997) argues,

Individual strategies to accumulate savings, provide an education for a child, or migrate abroad, when repeated thousands of times, influence the macro allocation and distribution of scarce resources and public goods, as well as political and economic phenomenon in the nation. Everyday decisions add up incrementally to create the boundaries and interests of the political and economic order (p. 7).

Women identify themselves in their gender-ascribed role, as being responsible for the well-being of their children and families. Singerman (1997, p. 63) found a concern to save for children's marriage expenses. The results of this study show the entrenched nature of men's identities as breadwinners by women - even as these roles are undermined and eroded by changing social and economic environments. The socially defined roles of men and women are not only unattainable, but they sometimes are in stark



contradiction with reality. This is what creates the stress that seems to be endemic today. By focusing on women's gender roles in marriage and the family, we can see that women are struggling to meet often conflicting and contrary demands.

### **Marriage and the Family – Macro Level**

At a structural level, it has been noted in the literature reviewed that marriage norms do not treat men and women equally. Momsen (2004, p. 223) demonstrates that the state as a collection of institutions partly reflects and partly helps to create particular forms of gender relations and gender inequality. Through traditional and modern laws and institutional practices women's inferior status (in relation to men) is used to justify discrimination in the household and in society at large. In Egypt, marriage is regulated by custom, religion and the legal system, with Islamic ideology and the *Qur'an* used as justification for such beliefs. Specifically, Muslim law grants to males the prerogative of divorce, polygamy, guardianship over children, and the right to force the wife to return to the conjugal home. While individual women may transgress specific social boundaries and stretch or break social rules, empowerment (as a strategic gender need) is conceptualized as a weakening of the systemic basis of women's subordination enacted in the legal system. In Egypt there have been attempts to reform the highly contested Personal Status Laws, which reflect some potential for a shift away from the husband's

avored position.<sup>59</sup> But there is no evidence that micro credit is working to advance women's strategic gender interests at this level.

Women's property rights and property arrangements further influence gender relations within the family. Women are aware of their restricted status in Egyptian laws, and have developed individual actions or strategies to negotiate their situation according to their best interest. For example, many of the women have no reason to contest the traditional male obligation to the household. If anything, women try to reinforce it. Women's acquiescence to traditional marriage ideology that views men as the household provider does not prevent them from assessing economic changes and their impact on the household, particularly marital relations. When the women were asked whether a woman should work in micro credit, the majority answered that she should work. When I asked them if they would like their children to do micro credit, they answered that they wanted their children to be educated and have good jobs. Similar findings are reported by Singerman (1997, p. 160) describing how families value education for improving their children's career options, earnings potential, and enhancing their social status. She also found that families are prepared to invest a significant portion of their income on private lessons (Singerman 1997, p. 161). Singerman (1997, p. 121) uses the words diligence, ingenuity, discipline, and sacrifice to describe the characteristics needed to reproduce the family in Cairo today. The women are aware that micro credit will not provide their children with the financial security they crave.

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<sup>59</sup> An example of the most recent legislative reform is women's right of *khul'* during the period of my field research, which was discussed in the literature reviewed.

Most women explained in detail, given the economic situation, it was impossible to live on only one income. Many women expressed dissatisfaction with their marriages, and I believe they wanted to improve their children's future prospects by providing them with a good education and housing in this regard. Because there was a conflict between going out to work and attending to home affairs, a woman's choice of economic activity was strongly influenced by her domestic responsibilities. All the women favored micro credit activities that had the most flexible schedule and were the least demanding physically. Some women developed household-based income-earning activities in order to meet the demands of their triple role. Women's adherence to traditional marriage ideology serves their interests, given their possibilities and awareness of options in society. The prevailing gender-ascribed roles serve to justify women's financial dependence on their husbands, although the results demonstrate significant changes.

It is likely that the ability of income-earning women to take some personal benefit for themselves from their earning depends on a variety of factors: their economic circumstances, their child-care burden, and exposure to modern influences (Nawar, 1995, p. 169-170). MacLeod (1996, p. 46) found that many lower-middle class women wish to retain certain aspects of the working experience such as the mobility, the chance for social encounters, and the challenge of new opportunities. But it is very difficult for women to consider meeting their strategic gender needs in this context. In addition to customary and family law restrictions on women's mobility and women's unequal access to family property and other economic resources, it is difficult for women to start and sustain a business. Many of the problems low-income

women face in the informal sector are rendered invisible. Consequently, social and cultural attitudes that do not support women's economic participation often go unchallenged. For this reason, many women are marginalized into low-paying, low return, income-generating activities even when they would prefer to make a business investment, such as opening a commercial shop. In the context of this hostile economic environment for women, and in light of few possible options, micro credit is welcomed by the women and serves a purpose. In the process women experience the contradictions they experience by trying to adapt and accommodate themselves. Resources like micro credit are used to support women's household-based income-earning activities with maximum flexibility. At the same time women reinforce existing gender-ascribed roles in marriage by trying to maintain their husband's financial contributions. But this is not always possible. Women's increasing productive role, supported by micro credit, has implications on relations in the household.

Tensions between men and women affect relations in the household. In the data presented earlier in this chapter such examples as "we do not want trouble with husbands" and "we just don't want their humiliation" provide evidence how the tension is played out. Men's identity and masculinity is under threat in some households, and the result is that some women fear divorce. Singerman (1997) demonstrates that "the household does not always act as a wholly cooperative unit but is characterized more distinctly by what Sen has called "cooperative conflict" where men, women, and children actively compete with one another for scarce resources and defend their interests and rights" (p. 47). But the women are not asking the men to assist in

their reproductive work, but would like to be respected for combining their multiple roles. Women are not being credited for the enormous effort they invest in adapting and combining these roles (Hoodfar, 1997, p. 137), and, as I argued in the previous chapter, this further applies to organizations providing micro credit. Women continue to care for their families and gain a shaky new confidence, though their income-earning opportunities remain tenuous. Even in the face of changing gender roles, rigid social norms<sup>60</sup> ground men and women in particular identities and expectations. These traditional gender norms and roles appear to play a role in the perpetuation of poverty. The centrality of the family as an institution and its importance as a channel of redistribution of resources perpetuate the ideology of gender roles and prevent women from consciously giving a high priority to their economic role (Singerman and Hoodfar, 1996; Hoodfar, 1997, p. 138).

Because of the division of household tasks and allocations of women's earned income, women clearly shoulder a particularly heavy burden during their childbearing and child-rearing years (Nawar, 1995, p. 171). The data reveals women feel overburdened, as evident in the example "micro credit is too hard." Women's gender-ascribed role in marriage and in the family prioritizes their reproductive work in the household rather than their economic productive work. Women's involvement in the public sphere continues to be contested in society given traditional ways of viewing women as prone to hysteria and rash decision-making. Although it is too early to say how or whether women's expanding economic role will translate into political leverage

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<sup>60</sup> A norm is a shared expectation of behavior that expresses what is considered culturally desirable and appropriate. Norms are reinforced through popular culture, radio, television, customs, laws and everyday practice.

or other forms of power and influence, the implications of these changes in the household economy have not been lost on men, or on women for that matter. Gender relations and perceptions are in flux.

While women struggle individually for equal rights within the household, the economy, and the political sphere, this struggle does not pit one gender against the other. Rather, it challenges constraints to the entire development process. (Leila, 2002, quotes Amina Shafiq, member of the Information and Culture Committee of the National Council for Women)

On the whole women are consistent in expressing dependence on their husbands and committed to their families. Women are making important contributions in the household, and these contributions exist despite the low rate of labor market participation reported among Arab women. The data reveals that women's micro credit activities do not appear to overtly challenge traditional roles and norms, but contribute to a shift in gender identities at the household level. The subsistence nature of these households is such that additional income is welcome, but not as the cost of men helping out with household chores. But, at the same time the prevailing marriage and family practices make it very difficult for women to balance their triple roles. Given this social context there is a potential for micro credit to assist women in renegotiating different roles in the future. The increasing participating of women in productive work reinforces the importance of how paid and unpaid work is shared among family members (Beneria, 2003, p. 150).

For example, women report aspirations for their children that imply dramatic changes in women's roles as they relate to work. The results demonstrate how and why women invest large sums of money in their children's education and in housing, which reproduce existing marriage and family practices for their children. Children going to school have less time to

help their mothers in the home (Momsen, 2004, p. 179); consequently women's reproductive work increases. Women would like to invest in additional household goods or items not viewed as a husband's responsibility, and in the process, gain prestige and power. MacLeod (1996, p. 410) found that lower-middle-class women in Cairo aspire to reach middle-class status, which she defined as the proliferation of consumer goods such status entails. But these desires are difficult to achieve when women are poor and forced to spend their income on daily expenses.

There is an old Egyptian saying *the shadow of a man is better than the shadow of a wall* that has been discredited recently. "It is nothing more than complete nonsense" (Halawi, 2002b). One of the women interviewed in this study expressed that "Women live in the shadow of men – but it's better to be in the shadow of the wall."

My study reinforces earlier research findings that women's reproductive role continues to be highly valued in Egypt (Hoodfar, 1996; Singerman, 1997; Kamphoefner, 1996). The importance of the family in Egypt, particularly among the lower-income class, is given supreme priority over other areas. It is an influencing force that affects women in many ways. Khouri-Dagher (1996, p. 121) explains that most women in the neighborhoods are uneducated and represent a work force unsuited to the present "formal" labor market. She found that by chance if women found a job, the traditional argument that "women do not work" is forgotten and replaced by another justification, also based on traditional values: women work in order to better feed their children and to be able to send them to school – in other words, to be better mothers (Khouri-Dagher, 1996, p. 121). To understand why people make certain choices and not others, it is essential to look at the wider society in which they live. Women's choices are framed in traditional values, which

make people feel that they are living the right way (Khouri-Dagher, 1996, p. 121). Women continually influence the context of their society by making choices within the options and possibilities it offers.

### **Links to Empowerment**

What appears to be difficult for many women is gaining empowerment in their close relationships. This is evident in their lack of ability to get support and to be treated with dignity, particularly in the household. The behaviors and feelings reported by the women consistently revealed a discomfort with their situation, especially in their relationships with men. In some cases, women responded to men with apparently unconcerned acquiescence – such as relinquishing control of a micro credit loan by giving it to a husband. For other women, they are engaged in open conflict with their husbands in the household. This conflict would most often ensue after discussing the husband's contribution to the household. Some women reported that their husband contributed less to the household as a result of their micro credit activity; a process women feel is detrimental to their power and position vis-a-vis their husbands.

Overall, I found the women to be very assertive: they spoke directly with outsiders, they were outspoken, and looked others in the eye. The women hold an awareness of their own problems, and the problems of others, but did not necessarily demonstrate what specific options might be available. This was particularly true with marital conflicts. Women's awareness of their unequal social and legal status in marriage diminished the appeal of love marriages. Marriage contracts, demands for a substantial *mahr* (in cash and



household goods), which they keep in the event of divorce, and other strategies are used to circumvent the legal limitations women face. Given the cultural context of marriage, family and the household, many women agreed to stay in marriage saturated by conflict. Women's reluctance to divorce stems from two major factors. First, children legally belong to their fathers and women do not want to risk losing them. Second, women often lack the financial means to survive; even when they have paid work, their income is often too meager to support the family. Micro credit is not perceived by the women as a tool that will ensure their financial stability. Women are also very aware that divorced women with children have little chance of remarrying, because men rarely accept other men's children in their home. Therefore, the practical choice for a wife is to stay married to her husband and try to secure support from him. I believe this is true even with the recent *kuhl'* although it is still early. Moreover, women benefit from the legitimacy of the marriage, given the culture, which affords them more freedom in the community.

Given the cultural context in Egypt, it was important to ask women what they would like to see for their children. By asking this question, it was possible to identify that being a good mother in the current neo-liberal context forced them to redefine their gender-ascribed roles in production, reproduction and community managing by increasing their cash-earning work to assist in bringing up their children. But this does not mean that woman's new role as a worker overwhelms her role as mother. Women were very clear that they meant to support them, their husbands, as providers. Thus, we can appreciate women's allocation priorities given to their own income and other income that they control.

My research results did not reveal any significant changes in status and/or decision-making power for women within the household. In fact, women expressed that they did not receive any respect or assistance with their work. My results show that women are able to meet their practical gender needs by making decisions about purchases such as food, small household appliances, furniture, and, in one case, a television set. But women's strategic gender needs and empowerment were limited. There appears to be limits to the level and kinds of change in women's social status, seen through women's decision-making power that is limited to making small purchases or other smaller decisions. Women fear that their husbands will withdraw their financial support from the household as a result of their micro credit activities. Some women hide their savings or even their businesses because they fear the consequences.

### Summary

By analyzing women's gender roles in marriage and the family, and their impact on micro credit, there are a number of lessons to take from this discussion. In Cairo earning a living is a complex process (Singerman, 1997, p. 138). The results and analysis presented in this chapter show that gender relations are in flux due to women's increased economic activity. For this reason men and women's gendered relations need to be incorporated as a central part of micro credit poverty reduction strategies. Greater female economic independence should be promoted at a strategic gender needs level.

Second, there is a need to recognize that men's and women's well-being is intertwined. The prevailing gender-ascribed roles of men and women

in marriage and the family can only be transformed by men and women's involvement in these institutions. Both poor men and women need greater access to economic opportunities, especially profitable self-employment. By analyzing the results using women's triple roles in production, reproduction, and community management, it is possible to comprehend that women face numerous commitments and time constraints. They also face a number of contradictions. Thus, there is a need to recognize women's multiple and diverse roles in micro credit.

The results demonstrate that women's additional income-earning role has not necessarily led to the social empowerment of women or greater equity and peace in the household. This fact is supported in the literature. As Momsen (2004, p. 234) states income earning by women does not necessarily lead to social empowerment or greater gender equity. Thus, an enabling environment (within the project) could help women to negotiate improvements in their well-being within the household by allowing for discussion about familial issues affecting their financial performance. At the same time some women expressed a sense of empowerment with the opportunity to take on new roles in production. This is demonstrated when a woman expressed that "it is important for women to have cash to spend themselves." Overall most women view their participation in micro credit as a regrettable necessity. Women's dreams of achieving financial security include the hope that their children will be spared this necessity of using micro credit.

In order to assist families both women and men need support to explore and navigate change that brings into question their worth as human beings. Deeply entrenched social norms will not automatically change with more women

entering low cash-earning work. Gender relations must become an integral part of all poverty reduction strategies, including micro credit. It is imperative that Save the Children (USA) open the communication on social concerns affecting financial issues in micro credit.

## **CHAPTER EIGHT**

### **Neighborhood Networks and Social Relationships**

“The neighbor who is near is better than brothers who are far away.”<sup>61</sup>

#### **The Neighborhoods**

This chapter will introduce the two neighborhoods in which the women live, and present the results on the role of networks and relationships that exist at this level in micro credit. Women’s role in community management will be explored in the neighborhoods.

Interviews with the staff revealed that the women lived in two geographically close low-income neighborhoods of Cairo: Abdeen and Imbeba. Both neighborhoods are densely populated, and many people live and work in the same area. In the focus groups held at the loan center women reported that they were neighbors, and some were even family members. The project required that women create their micro credit groups with other women, preferably from the same neighborhood; my research confirmed this requirement was being met. There were, however, some observed differences between Abdeen and Imbeba.

Abdeen is situated in a very central location in Cairo. Most people live in apartments. Imbeba is physically more removed from the central area of Cairo, and borders an agricultural zone flourishing with activity. Imbeba is very crowded with large housing units. The neighborhoods each have main roads where many well-built shops and buildings are occupied by higher-income households. Located near these main roads are narrow, often unpaved alleys, where the women live. Men are generally absent from the

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<sup>61</sup> Arabic proverb.

neighborhood during the day. Thus, the alleys become women's space. Most of the women have contacts in the nearby streets, most of the inhabitants are Muslim, and in 2001, nearly all of the women were veiled (except the younger women).

The research revealed the vitality of neighborhood networks and social relationships for this low-income group. Diane Singerman's (1997) study reported the evolution of reciprocal networks and informal associations in the low-income neighborhoods of Cairo as parallel economic structures that also offer moral support and ensure better standards of living for their participants. A prominent feature of the informal associations in the neighborhoods of Cairo was the centrality of the role of women, a feature that has been observed in several studies (Singerman, 1997; Hoodfar, 1997; Singerman and Hoodfar, 1996). Women's involvement in neighborhood and community networks, including informal associations, is partly due to their gender-ascribed roles in reproduction. Because of women's responsibility for managing domestic work, women are in frequent contact with each other in the course of performing their responsibilities. The importance of being able to mobilize social networks as a means of achieving personal goals is an important task of adolescent girl socialization (Mensch, 2003, p. 10). Neighbors probably form the most significant networks in an urban context where family members may live long distances from each other (Khoury-Dagher, 1996, p. 119). My results show that women have formed networks in their neighborhoods apart from their group activities in micro credit. One of the most important networks that will be discussed is the traditional "savings clubs" run by women. Many of

the women participating in micro credit also organized informal “saving club” associations, called *gam'iyyaat*.

Save the Children (USA)'s micro credit program hoped to build upon these traditional women's networks by reinforcing ties between women using a group lending approach, with an important difference that will be discussed later in this chapter. This chapter will begin by exploring these pre-existing neighborhood and community networks.

### **Previously Existing Informal Networks in the Neighborhood**

Save the Children (USA)'s micro credit program cannot be credited for having introduced the concept of group lending and saving in the neighborhoods. They already existed prior to the development of these programs, known as *gam'iyyaat*.

In the city, individuals and households are connected to other individuals and households, as well as to institutions, by a web of personal relationships (Tekce, B., Oldham, L., & Shorter, F., 1994, p. 53). Residential proximity is important in the formation of networks, particularly for women. Social networks may provide access to many kinds of resources, including material goods and services, information, and emotional support (Khouri-Dagher, 1996).

As discussed in chapter six the lending scheme of the project involves the formation of solidarity groups in which women borrowers organize themselves into groups and are jointly liable for each others' individual micro credit loans. This practice is believed to build trust and mutual self-help and increase solidarity and unity among peer loan group members. The joint

liability facilitates three important aspects of institutional lending in its implementation by the lending institutions and by the borrowers themselves: 1) it enables the lending institution to transfer default risk from the institution to borrowers; 2) it reduces the micro loan transaction cost; and, 3) it ensures high repayment rates and high rate of profit required by the institution to achieve financial sustainability.

Because women's triple role affects her ability to negotiate micro credit loans, a number of social issues continued to emerge in the focus groups. One of my findings is that the closer the ties between the women in the group, the more they talked about the household and their personal problems. Although the project did not grant the women permission to discuss their personal problems and social concerns in the loan center, they continued to surface throughout the interviews. The interconnectedness between these issues, and women's ongoing participation in various informal networks, explains why these important social matters would not go away.

In the semi-structured interviews women explained how they relied upon their existing networks. First, the networks helped them "to market" their goods. Information was exchanged. People in the neighborhood talked about their business, what they were selling and where. People came to know that they were selling things and they would come to the house for what they needed. The women helped each other by marketing their products and by talking about what they were doing. The women sometimes traded between themselves. When I asked the women about their participation in the group, they said that they supported each other in the group. For example, when one was short for repayment, they would cover each other or exchange products.



The GGLS program required this type of supportive intervention. It was the foundation of the group solidarity idea. Women's individual self-help initiatives were not viewed by the women as contributing to any greater collective awareness or self esteem building.

In the focus groups one of the questions I asked was "How did you hear about the project?" Again, the women explained that they heard about micro credit through their informal neighborhood networks. Many women told me that, initially, they thought it was a rumor. The women said, "we did not believe at first." Later, they met in the neighborhood with a loan promoter who explained the program. The women told other neighbors, and eventually a group was formed. Even when the group was formed, the women continued to trade amongst themselves and shared information about prices and goods.

There was an exception to the "group concept" in the agricultural area on the borders of Imbeba. In an interview with a loan promoter it was explained that it was difficult to promote the "group idea" in Imbeba. Based on her experience, it was a foreign concept for many of the women living in Imbeba.

At first, this finding appeared to contradict what I had come to see as the emergence of micro credit through the informal association networks. However, the loan promoter's observation was based on the location of her clientele, which were mostly women engaged in agricultural work. The women from this area spent most of their time in or near their homes, and so it was difficult, according to the loan promoter, for these women to meet other women, get organized, and form a group. She said that many of the women living in this area grow fruits or vegetables, which they consume in the

household, and sometimes sell locally. I had asked her if these women could participate in the project, but she revealed that these activities could not be funded. Only projects used for selling were allowed in GGLS and accepted for micro credit loans. This made it more difficult for her to recruit women in agricultural areas.

Many of the women were working from home, and developed their networks with their neighbors. Family members were often too far away. Women sought economic opportunities within their neighborhood due to their household responsibilities. The women shared a common objective: to make money. The increased commodification of goods and services in the neighborhoods is one of the reasons for this focus on earning cash. Also, where women used to provide services to one another on a reciprocal basis, these same services are now being traded or sold. Thus, there is a shift in the neighborhood networks due to this increased commercialization at this level. Many of the women joined informal savings associations in the neighborhood that revealed their needs in micro credit. Interestingly, one of the needs identified by a majority of the women was the need to save.

In the focus groups women revealed a very strong savings ethic, and the ways in which they were able to save. A similar finding is reported by Singerman (1997). In order to afford marriages, families engage in long-term financial planning (Singerman, 1997, p. 113). Women's strategies to save include reducing the consumption level of the household, increasing income-earning work, and thrift shopping. But women did not always 'save' by setting aside cash. For example, Singerman (1997, p. 114) found that families take years to put together a daughter's marriage trousseau, so that many

bargains could be included. Hoodfar (1996, p. 215) confirmed that low-income households 'save cash' by investing income (actual and anticipated) in durable household goods. These goods can be resold in times of crisis, or used to support marrying their children. In addition, some young men travel abroad in search of more lucrative wages and increased savings (Singerman, 1997, p. 121; Hoodfar, 1997, p. 93)

### ***Gam'iyyaat* - The Saving Association**

I learnt from the focus groups that many women were participating in informal savings associations called *gam'iyyaat*. *Gam'iyyaat* is a savings club developed by women at the neighborhood level. It has been described as "an alternate banking system" in the literature (Singerman, 1997). Many of the women participated in *gam'iyyaat* as well as micro credit. It is known in the literature that these informal savings associations are extremely common throughout Egyptian society (Singerman, 1997, p. 76). It has been found that huge sums of money circulate within them and provide credit on a scale that competes with the formal banking system. *Gam'iyyaat* allows men and women to accumulate the savings needed to marry and to meet other significant financial needs. While families and communities benefit from this informal financial system, the government does not, since these sums remain outside the formal banking system and the reach of tax authorities (Singerman, 1997, p. 76). The same applies for micro credit.

One of the results of this study is that women save large sums of money in *gam'iyyaat* for different reasons than they save in micro credit. Women use *gam'iyyaat* to pay for marriage expenses, purchases of land,

housing, machinery, and other investments. Basically, it is used as an interest-free loan. For years *gam'iyyaat* has provided credit to women who could not meet a formal bank's requirement for collateral. The difference between *gam'iyyaat* and micro credit lies in its purpose. Many of the women told me that *gam'iyyaat* was not suitable for business investments because of the nature of its cycle – every woman must wait her turn and it can take nearly one year before you receive your savings. The women said they preferred micro credit for their business because they could receive credit on a more regular basis, at least once every four months. Women's participation in *gam'iyyaat* demonstrates that Save the Children (USA)'s micro credit program was only one of a number of savings options used by low-income women in Cairo. Many low-income women are saving large quantities of money, which is surprising given their poverty.

Women are able to save small amounts from their household in order to participate in savings associations with their neighbors, close relatives, friends or colleagues. Women with a good reputation are sought out through the neighborhood networks. The same exists in micro credit. Women do not want to form a savings group with someone they do not trust, nor do they want to lose their money. The leader of the *gam'iyyaat* group does not receive any fee for her effort, nor does she demand interest. This is the same in micro credit. The women in *gam'iyyaat* collect each member's payment (it can be monthly, weekly or daily) and then give that money to the person whose turn it is to receive payment or get paid. In micro credit a woman collects the loan repayments and gives the money to the loan center. Before the *gam'iyyaat* commences, each member arranges with the leader when he or she will receive

their lump sum payment. While members usually have influence over the order of payment, the leader is the final arbitrator, and from this position she derives some power. In micro credit there is no apparent leader who forms the micro credit loan group. According to a loan officer the group just forms – there is not one person who forms the group. This was perceived as a ‘dangerous question’ because the women must do it themselves.

*Gam'iyyaat* is very popular because an individual can receive his or her lump sum payment before completing the specified cycle of payments. For example, if someone knows that she must pay for three rooms of furniture for her daughter's upcoming wedding in one month, she can arrange to enter a newly created *gam'iyyaat*. She will pay her monthly allotment of 100 LE the first month, and the following month receive her lump sum payment of 1,200 LE. Over the course of the next year she contributes her monthly payments. Almost always, people know the leaders of the *gam'iyyaat* very well before they place their financial trust in them, and it is relatively easy to arrange one's preferred payment schedule. At the same time, a *gam'iyyaat* leader only admits individuals for whom she can personally vouch to the association. People are very careful to meet their financial commitments to these associations because the members of the association depend upon them. The same principal works in micro credit.

Even if men and women have no immediate need to save money, they often participate in smaller (in value) associations in order to maintain a good credit rating. In a crisis, close friends or relatives will form a new *gam'iyyaat* on behalf of their unfortunate friend, who then receives the first lump sum payment. I believe the women have embraced the concept of the Group

Guaranteed Lending and Savings program because of their ongoing experience and participation in these types of informal savings associations.

At times, some women hide their participation in these kinds of savings associations from their husbands, fearing their husbands would decrease the size of the household budget (which is the source of their savings). Some women will also hide their participation from other family members. The results of my interviews with the staff demonstrated that the same occurred in micro credit. Husbands were not always aware that their wives were participating in micro credit. Many men and women choose to save in these types of associations composed of neighbors, instead of families, because they do not want their families to realize the extent of their financial resources.

### Summary

*Gam'iyyaat* offers an alternate source for financing many economic needs within the community; the funds remain in the community and, since they are not reported, they are neither taxed nor subject to seizure and confiscation. Like other informal networks, informal savings associations represent an independent and communally sanctioned institution that enhances security, cooperation, and trust among the community (Singerman, 1997, p. 156-157). The women identified that micro credit is a resource that is used primarily for business investment purposes rather than for consumer investment. However, the results reveal that women are also using micro credit to meet various family needs. Women work hard to develop strategies for accessing financial resources to their advantage.

### **Analysis of Data on Neighborhood Networks and Social Relationships**

Women's role in reproduction includes her community management role and activities at the neighborhood community level. This work falls heavily on women because of their gender-ascribed roles. It is "invisible" because it is not recognized as work in the formal economy. With the cutbacks in public social services more women have taken on the responsibility at the neighborhood community level to create their own savings system to ensure household survival. It is by examining what women are doing and what they are producing that a number of intangible resources can be found. The social relations through which such resources are produced (community rather than household based) emerge. But they are linked. Singerman (1997, p. 10) argues that because informal networks link the household to the marketplace, public services and institutions, the household may be viewed as incorporated into the public realm. These informal networks are viewed as legitimate by their constituents within the context of authoritarian politics where many citizens may not see formal and governmental institutions as legitimate (Singerman, 1997, p. 10). As Singerman (1997) explains "Egyptian society is not a 'collection of undifferentiated and unrelated individuals' but a society where individuals go to great efforts to enhance their relations to others, at times even creating fictive kin in their efforts" (p. 10).

In this chapter, data on women's work reveals that women are engaged in a number of networks at the neighborhood level. As Singerman (1997) shows

Informal networks are one of the most important avenues of participation for this community. The backbone of informal networks – mutual reciprocity, trust, and share interest – is built upon the principles of the familial ethos (p. 72)

What is striking is that women have a need to save. Nawar (1995, p. 162) found that Egyptian married women are doing a variety of economically productive tasks around the house that either produce income indirectly through other members of the family, free other family members to earn an income, or save the family cash outlays by producing goods and services directly for home consumption. In order to meet their need to save women create a support net for themselves to assist each other (particularly in times of emergency or crisis) knowing that the state will not intervene.

In urban Cairo women have developed important networks of relationships in their neighborhoods. While it is difficult to find a whole set of kin present or, even family members living in close proximity to one another, the reality is that women place a greater reliance on people who happen to be near them. Moser (1993, p. 19) argues that inter-household resource and labour exchange systems of reciprocity are important for the household. She identifies various forms of cooperation and collectivity in reproductive work between households as important for women (Moser 1993, p. 19).

Traditionally, women have been very skillful at developing a complex set of relationships. Singerman (1997) explains “men and women are deeply involved in forging collective institutions that serve common public and private needs” (p. 10). This practice is more noticeable among the lower-income classes who, because of their precarious economic situation, depend more strongly on support networks than other groups.



Singerman (1997) found women's networks are important avenues of political participation.

Networks are the political lifeline of the community, allowing individuals and groups to cooperate with other members of the community to achieve individual and collective goals. Informal networks provide a mechanism for individuals and households to influence the allocation and distribution of public and private goods in their community and in their nation. Informal networks organize, coordinate, and direct individual actions. (Singerman, 1997, p. 133)

Given the unequal power relations that limit women's choices, women are seen as trying to improve their lives by taking on multiple roles. Women's activities at the neighborhood level do not appear to interfere with their household work. Moser (1993, p. 35) identifies gender divisions of labour at the community managing level. She argues that for women the neighborhood is an extension of their domestic arena, while for men it is the public world of politics (Moser, 1993, p. 35). What this means is that while women in their gender-ascribed roles of wives and mothers are involved in community managing, men are involved in community politics (Moser, 1993, p. 35). Women's neighborhood networks, and social relationships, developed through their micro credit activities are not viewed as working for wider change to meet strategic gender needs. Both in micro credit and *gam'iyyaat* the focus appears to be on meeting practical gender needs rather than in meeting strategic gender needs. In terms of empowerment, there is little evidence of collective action or change in gender relations in the neighborhood networks at the community level. The group functions as a structure for information exchange. As Khouri-Dagher (1996, p. 119) found neighborhood networks constantly exchange information about where to get this or that item. The micro credit group meetings, in some cases, have become token meetings

where people rush to give savings and loan repayments and then return home as soon as possible.

### Summary

Women's community managing role is apparent at the neighborhood level. Women's triple roles (affecting women's time) influence their ability to participate in community and group activities. This constraint needs to be recognized in micro credit. In this chapter I discussed that women need credit for a variety of purposes. Women also value savings of various types. Women's participation in *gam'iyyaat* and micro credit shows how women differentiate between loans for investment purposes and consumption, for emergencies, recurring expenses, and others. Women are participating in diverse informal savings associations organized at the neighborhood level which do not charge interest rates. These informal savings associations are grounded in women's experiences to meet their reproductive needs in the household. Considering the separation of 'social issues' from the financial concerns of the GGLS programs increases the concern whether micro credit really addresses women's needs and interests.

In the absence of outside support, women's informal savings groups are focused on achieving women's practical gender needs rather than meeting women's strategic gender needs. Women's collective concerns are not addressed, in the context of working for wider change and gender equity.

Lastly, there is a need to challenge the idea that micro credit develops and strengthens women's support networks and access to information outside the home. In fact, micro credit claims to cultivate women's group solidarity

processes which women already built through their networks in the neighborhoods.

Many of the women admitted to participating in other informal saving activities, such as *gam'iyyaat*, alongside their micro credit activities and successfully maintained active informal networks. The relationship between these different, but complementary, forms of saving activity is deserving of future research.

## **CHAPTER NINE**

### **Women and the Labour Market**

This chapter focuses on women's position in the labor market and introduces a number of macro-level constraints and inequalities that affect women's activities in micro credit. Women's micro credit loan activities and projects will be explored, as well as their strategies for overcoming obstacles.

#### **Women's Participation in the Labour Market**

The findings of an interview with a female loan promoter demonstrate that the family is an important factor in selecting income-earning activities.

My family was *convinced* that I should be allowed to work. But it was a process. First, my family had to investigate the job and ensure its appropriateness. Even though I have been working in this position for some time, the family still checks up on my work.

In Egypt women working in the formal and informal labour markets must comply with the constraints of their gender role in society, which makes the cost of their participation rather high compared to men.

The focus groups always began with the same question: "Tell me about your business." Each woman was given the opportunity to present her project. Based upon these presentations, the women revealed their activities supported by their micro credit loans:

- "Selling women's and children's clothes"
- "Making and selling tablecloths and linens"
- "Reselling *gallabiyas* (pajamas) and clothes"
- "Selling meat and food"
- "Making and selling pies"

- “Reselling bread”
- “Selling *koushari*” (Egyptian food)
- “Selling make-up” (younger women)
- “Selling veils and gowns”
- “Selling henna”
- “Selling bedcovers, bed linens and towels”
- “Selling women’s underwear”
- “Selling nuts, chocolates and sweets to children” (older women)
- “Selling shoes and slippers”
- “Selling soap”

The women interviewed in this study were using their micro credit loans to support women’s “trading” activities. Given women’s reproductive role in society it is clear that women are organizing their buying and selling activities in relation to what *other women* need. The micro credit businesses developed by the women are geared towards other women. The list of above-mentioned activities reveals that the presence of a “gendered economy” is created by the women, and supported by micro credit loans. This is significant in this study given that women are not positioned to achieve their strategic gender needs in society. Almost all the women’s businesses were directed towards selling goods to other women, and meeting practical gender needs. This complies with the gender ideology separating men’s work in the public sphere and women’s work in the private sphere. Further, women’s micro credit activities are largely based in the household. Selling to other neighborhood women, who are also based in the household, explains this situation. There were some generational similarities noted with many older

women selling nuts and sweets to children, and many younger women selling make-up. The younger women were working towards a business certificate and earning money by selling make-up.

One young woman told me, “I want to open a boutique one day. I want a good job.” In the focus groups I asked, “What was a good job?” and the women said, “To work in a bank or own a business, not in doing micro credit.”

Another similarity was that nearly all of the women were using their loan money to buy products in order to resell them for a profit. This is not very surprising given that this was considered a legitimate project activity by Save the Children (USA). Most of the women were engaging in trade in the informal sector. However, there were some exceptions noted.

In the semi-structured interviews several women expressed that they were using their micro credit loans to support their husbands’ businesses. Another woman handed over her loan to her husband. Several women claimed to use their micro credit loan to repay an existing debt. These exceptions, which were forbidden in the GGLS program, are important in showing that women’s needs were not always being taken into consideration in the design of the program. These findings demonstrate that women do not always control the activities and income generated by their micro credit loans.

### **Traditional Activities in Trade**

The results on women’s micro credit loan projects reveal that the majority of the women are engaged in traditional business activities.

Discussions with the women about their businesses supports Save the Children

(USA)'s claim that most of the women funded by the program work in trade.

For example,

[In the year 2000] commercial projects accounted for 79% of the total number of projects either expanded or started by the clients of the program. Women bought and sold ready made garments, fruits and vegetables, make-up, poultry, cleaning detergents, sweets, bread ... Others were engaged in industrial activities and they accounted for 16.8% of the total clients of the program, while only 4.2 % were engaged in handicraft activities.<sup>62</sup>

### **Non-traditional Activities**

In the interviews I was told lots of stories about how women used their micro credit loans, and many of these stories related to women's marital and household situation. In the semi-structured interviews women explained that they were often engaged in many different income-earning activities. It became clear that women were using their micro credit loan for other project activities, in addition to the "official" project approved at the loan center. The women agreed that by distributing their efforts and resources in a variety of directions they could be successful. Some women prefer to use a variety of methods to ensure their 'success' in the GGLS program. For example, during a field visit to the loan center I was advised by a female loan promoter that she had a client who was an "untraditional" woman. The client had received a micro credit loan to sell clothes, but she used her loan to sell used car parts. The woman's husband needed to repair his vehicle, and she was able to find the parts. As people heard she could find 'cheap' spare car parts, they started doing business with her. The female loan promoter demonstrated that, in the

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<sup>62</sup> Information provided during an interview with an employee of Save the Children (USA).

end, her client used her micro credit loan to buy and resell used car parts instead of clothes in her neighborhood.

All of the women in the study were motivated to make money, to improve their situation and to relieve their poverty. It became obvious in meeting different groups of women that some of the women were poorer than others. In the interviews with the staff I was informed that the GGLS program did not explicitly target “the poor”. The program officer reported that because the first loan cycle was, by design, set very low (250 LE or approximately \$74 dollars), the loans were only attractive to poor women. She discussed that the loans were “self-targeting” for the very poor. As I began to interview the women participants, this finding was not confirmed. Many of the women receiving micro credit loans are the “entrepreneurial poor” rather than the very poor.

In trying to differentiate between the different groups of women I asked a loan officer how I might identify the poorest from the poor, and he said, “Every woman will say she is the poorest.” The loan officer suggested I ask the women what they need in order to identify the poorest from the poor. I found this helpful. If women were using their income to purchase basic food items, this provided some indication of their poverty level, as compared to another who might be saving to purchase a television set.

### **Physical Location**

The physical location, or site, where women were engaging in their micro credit cash-earning activities emerged as an important finding in this research. Most of the women were selling from home; some were selling in



the street or in the market, and a few in government offices. One woman sold from a store. The women explained that they preferred to sell from home because it allowed them to fulfill their domestic responsibilities, although there were some drawbacks.

The women explained that when you worked from home, “You must spend time at home to collect payment.” In order to collect their money from customers, the women devised an innovative payment system by installment. Also, the women said that you must buy things you know people need. As women became more experienced, they learnt to make appointments with their customers so they could go to the market (so as not to miss them should they pass by).

Many women expressed an interest in having a shop outside the home. These women preferred to sell from a shop because the price was fixed – and they felt you could get a better price than selling in the market or in person from home. An important finding is that women negotiate different selling prices based on the physical location of the buyer. In general, customers who were paid in cash got a better price than those customers who paid in installments.

### **Women’s Strategies in Micro Credit**

The results from the focus groups and semi-structured interviews demonstrate that women have developed many strategies for succeeding in micro credit. All of the women interviewed had participated in the program for at least one year, and, for this reason, can be considered among the most ‘successful’ women borrowers. For this reason it is important to consider

what factors contribute to their ability to engage in micro credit over a period of time.

First, many women selling from home were paid by installment. This is an important strategy in micro credit. 'Being paid by installment' is used by women to increase their buying and selling. Women sell their goods to other women, who are not able to pay immediately for their items. To compensate for this 'burden' the woman seller charges a higher price to the buyer. In essence, women are selling goods 'on credit' to other women in the neighborhood. Because women are aware - and understand - the needs of other women at the household level, they select products that they know will sell. The women discussed a negative aspect to this payment system: it could create problems for their repayment schedule. The women said that when you are paid in installment, your money is moving around the market. If they sold something on installment, they might not have enough money for their repayment which had to be made every fifteen days.

Second, women are very aware of the local economy. Women believed they must sell what they could buy at a good price. The women agreed that it was better to sell from the market than from home because you could get a better price for your goods. It was important to get the best price even if it meant going to different markets on different days of the week. The women were very aware of how the 'economy' functioned and how prices could fluctuate, up and down. Their livelihood depended upon such knowledge. They knew when to sell for a better price than what they bought things for, and how much they could make in different areas. Some of the women referred to themselves as being "experienced" in the market.

When I asked the women if their business improved since they first took a loan, they said that the first loan allowed them to increase their quantity for selling. But the more experienced women said that their profits varied according to prices. The women said that they sometimes felt pressure to sell their goods for a low price if they needed the money, especially when their loan repayment was due. Other times they would wait and get a higher price and make a better profit. Other women explained that the profit margin can increase over time. “When you first get a loan, the profit is small and then it gets bigger. But you are always worrying about repayment.”

Third, women used their micro credit loans to support an existing business based upon what they already knew. The women said they learned their work from husbands, mothers, neighbors, wholesalers and on their own. This strategy of developing cash-earning activities based in what they already knew allowed them to launch a project quickly. There is no evidence in the data to suggest that women increased their skills as a result of their participation in the GGLS program.

Fourth, many women sought a micro credit loan to increase their supply of products in response to the demands from their customers. An important finding is that many women were already engaged in cash-earning activities before receiving a micro credit loan. The women reported earning more money in the market than in the household. The staff interviews show that some of the women were referred to as “old customers” if they had a long history of participating in the GGLS program. These findings demonstrate that women’s need to earn an income forced them to create their own projects and revenues. Documentation consulted reinforced this evidence as women’s

informal income-earning activities account for 30% to 50% of all economic activity in the country (Save the Children, 2000, p. 8).

### **“Life Has Improved”**

What did women think about their experience since receiving a micro credit loan? The women told me in the focus groups that “life has improved.” The women said that they can buy things for their children and themselves. One woman emphasized that it was *her* money she was using. It was obvious that her contribution was perceived as being important. They were paying for private school lessons for their children. They were buying more things to sell. The women were happy about participating in the project. During an interview with a loan officer he stated that it was normal for women to use their loans for children’s education, health care and to improve their lives. In a focus group one of the older women told me that they had benefits from the profit they earned from reselling goods. The women said their situation had improved because they had more cash for what they needed.

### **Women’s Constraints**

The women identified their constraints in the interviews. It is important for programs to learn from women about these obstacles in order to better position themselves in meeting women’s needs and interests. Many women identified in the focus groups that there were a number of changes in their daily lives as a result of taking a loan. The women said that some of them left home for the market when they never used to go. All of the women agreed that they must play an active role to look for profit. It was not easy

work, and the money was not automatic. Micro credit was hard work. And their first priority was repayment.

Some women felt that they noticed an increase in effectiveness with their second loan because they were able to buy more goods. Some women said that their profits increased with sales: with each loan, you could buy more products and hence, have more sales. However, I noticed a difference between some of the newer borrowers and more experienced women. The more experienced women said it was all about the price, how much you could earn for your goods.

Women's ability to increase their income depended, in part, upon selecting 'good' income-earning projects. But there were gender inequalities affecting what kinds of work could be undertaken by women. This was related to their lack of access to other resources for investment, because of their responsibility for household subsistence expenditures, because of their lack of time due to unpaid domestic work, and, in some cases, because of their low levels of mobility. These gender constraints had an impact in addition to the market constraints of the informal sector.

The semi-structured interviews show that some women did not have control over their micro credit loan. For example, I learned in one of the interviews from a woman that her husband buys cloth and resells it. *She gave him her loan to buy cloth.* Otherwise, she was not involved in the business or decisions about her micro credit loan. She felt her contribution was minimal, but it was because of her that he could purchase this cloth. Her micro credit loan was supporting her husband's business.

Some of the women faced barriers and obstacles in negotiating their micro credit loans to their advantage. Many of the women told me that micro credit work is very demanding, and in itself presents obstacles for them. Women's small-scale business activities are supported with micro credit loans, with the anticipation that their work will accrue additional income. Women's profits are based on prices; the income earned depends on the market for goods and services rendered, and ultimately, what kind of price you get. This reality of the informal market requires that women be very alert to changes in the market and get the best price for their goods. The women said it was very hard work. Many felt tired after returning from the market, which takes place outdoors in the heat. The women were keenly aware of the problems they faced.<sup>63</sup>

For example I had asked each focus group whether they would want their children to work in a micro credit project like they were, and the women were unanimous in saying "No! Micro credit is too hard; we want less work for our children. Less work is better."

Another woman said, "a modern job would be better. They should work in a small shop, in a bank or a government office."

Another woman said, "we do not want our kids to do what we do. We do not want them to do micro credit."

### **Being Veiled**

Almost all of the women in this study were veiled; the only women not veiled were the young women selling makeup. The veiled women told me that

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<sup>63</sup> Problems cited were lack of health insurance, retirement benefits, and high workload.

they felt they would be treated with more respect outside their home and in the market if they were veiled. Some of the veiled women expressed a greater freedom of movement by wearing the veil. When they were veiled, they said they called less attention to themselves outside their neighborhood. A veiled woman indicates that, despite her unconventional economic activity, she respects traditional values and behavior (Hoodfar, 1997, p. 119).

The *higab*, or Islamic dress, forms a highly visible and controversial symbol of the negotiations women face in a changing urban environment (MacLeod, 1996, p. 36). Not limited to Cairo, but a movement throughout the Muslim world, the new veils have local meaning that requires investigation. The assumption that veils are automatically equated with oppression and that the new veiling signals a return to a medieval and reactionary version of Islamic politics and roles for women needs to be carefully questioned (MacLeod, 1996). My research findings concur with MacLeod's (1996) analyses that, for these women, the new veils are a mode of negotiation and protest rather than a reactionary concession to a rise in conservative politics (MacLeod 1996, p. 36).

Veils are often perceived in the West as the premier symbol of women's subordination in Islamic societies; yet in the Muslim world veils serve a wide range of social and symbolic purposes, expressing class status, nationalist politics, and personal qualities as well as negotiating women's space and arenas of control in the larger society (MacLeod, 1996, p. 36). The new veils have more to do with the tensions at the intersection of workplace and family and the related roles of worker and wife/mother than with fundamentalist Islamic politics (MacLeod, 1996, p. 36). By emphasizing

women's identity as virtuous wives and Muslim mothers, the *higab* allows women to reclaim traditional respect, even while moving into new realms (MacLeod, 1996, p. 45). The new veil allows women a greater freedom of movement to go outside their traditional spaces in the neighborhood, and participate in often new income-earning activities outside the customary areas in their community. As Hoodfar (1997) found

The veil is a powerful symbol that communicates loudly and clearly to society at large and to husbands in particular that the wearer is bound by the Islamic idea of her gender role. A veiled woman indicates that, despite her unconventional economic activity, she respects traditional values and behavior. By wearing the veil, women lessen their husbands' insecurity; they convey to their husbands that, as wives, they are not in competition but rather in harmony with them. Further, wearing the veil puts women in a position to expect and demand that their husbands honor them and recognize their Islamic rights. Husbands should not claim wives' wages, and they should fulfill their duty to provide for the family to the best of their ability (p. 119-120).

Women's strategies must be considered in their cultural context and the reality of women's lives, which explains their strategies to overcome barriers.



### **Analysis of Data on Women and the Labour Market**

This chapter points to a number of macro-level constraints affecting women's work. Financially sustainable minimalist micro credit programs are being promoted as the key strategy for poverty-alleviation and empowerment in the context of structural adjustment policies which seriously disadvantage women, decrease public sector availability of services and remove any existing welfare nets for the very poor.<sup>64</sup> In spite of this women are engaged in their income-earning projects in the informal sector, where women's production also evades control of the State. But this does not negate the fact that women's ability to engage in production is highly influenced by the State and the external macro environment. In fact, women's ability to engage in these kinds of activities is highly influenced by the larger socio-economic environment including societal structures, institutions, culture and religion. In a system without financial security, everyone has to look after his own future (Hoodfar 1997, p. 91-92). The reality that women are productively engaged in activities to support and reproduce their family, sometimes secretly, is extremely important in a society that continues to idolize the male breadwinner.

Although the literature tends to report that women in the Middle East have the lowest production employment rates in the world, this claim is based on women's participation in the formal economy (Brydon & Chant, 1989, p. 25, cite Townsend & Momsen, 1987). Studies have shown that relatively few married women report themselves as working outside the home (Nawar, 1995, p. 160). As Beneria (2003, p. 137) argues women's work, in the case of

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<sup>64</sup> Moser (1993: 73) argues that a decline in income levels within the household often affects women more than men.

domestic production and related activities, the problem is not so much one of underestimation as of total exclusion because it has been conceptualized as falling outside of the conventional definition of work. By overlooking a category of unpaid workers in an urban economy that encompasses many thousands of small-scale businesses, statistics portray a misleading view of labor force composition (Hoodfar, 1996, p. 111). This study draws from women's experiences in a sector of the economy that is not recognized in official accounts, and thereby rendered invisible. It was only through the loan center that one could come to know about these productive activities.

Studies on female labour market participation have shown that self-employment is the most viable option for most women with little education or professional skill (Hoodfar, 1997, p. 126). As Nawar (1995, p. 160) shows even when women's productive work requires little skill and is poorly paid, it allows women to leave the confines of the household and acquire some resources that they potentially control. Although there are no reliable statistics on the number of women who are self-employed, a walk around any major urban residential area in Cairo makes it clear that the markets are dominated by women. For women, the informal sector often provides a primary, even if precarious, source of income (Beneria, 2003, p. 136). Moser (1993, p. 18) provides evidence of a trend whereby women and children are increasingly detached from men's income. As Singerman (1997) describes "the informal economy provides an alternative and far less visible sphere of employment, production, and investment opportunities" (p. 31).

The findings demonstrate that women are engaged in a range of productive economic activities geared primarily towards other women, and

concentrated in traditional sectors. For example, women engaged in trade and the production of food items were limited in terms of their profits and growth potential. Women use their existing knowledge and experience, while taking into account their domestic work, in deciding what activities to support with micro credit. The visual image of social and occupational settings is that Egypt is a highly gender-segregated society (Singerman, 1997, p. 32).

Because women are responsible for reproduction they are not free in the same way as men to choose how and where they will engage in micro credit.

The women agree it is not a problem for women to engage in this kind of work, but they would like their children to have other options. Moreover, domestic responsibilities have caused women to concentrate on similar cash-earning activities. For instance, many women reported selling clothes in the same neighborhood. This further disadvantages women because of the concentration and competition that can result in even lower profit margins or wages. Research undertaken by Nawar (1995, p. 166) supports this analysis, as she found that women clearly articulate more assertiveness in those areas traditionally defined as appropriate spheres of concern for women.

Economic factors, though important, are not the sole determinants for women in choosing a micro credit activity. Women face time constraints in balancing their productive and reproductive roles (Moser, 1993, p. 72). The connection between women's domestic work and their income-earning activities is important because it dictates what kind of activities can be supported with micro credit. Most activities supported by micro credit reinforce a division of labour within the informal economy. As Hoodfar (1996) argues,

In spite of radical socioeconomic changes, the bases of the ideology of the sexual division of labor and responsibilities within the household have remained fundamentally unchallenged either by men, women, legal jurisdiction, or government policies. (p. 132)

The realities of the informal sector weigh against women's potential to succeed in meeting their goals. Because women's income-earning activities are characterized by limited profits and growth potential, most trading activities are catered towards other low-income women. Women's low pay does not meet strategic gender needs for independent control over resources, but interacts with, and reinforces, women's economic dependence within the family (Moser, 1993, p. 47-48).

Most income-generating projects for low-income women frequently aim to increase productivity in activities traditionally undertaken by women, rather than to introduce women to new areas of work (Moser, 1993, p. 68). Women's domestic responsibilities force them to turn either their homes into a workplace or their place of work into a home. Hoodfar (1996, p. 125) found that many women did not even attempt to look for jobs beyond their residential areas, because their absence would place too great a burden financially and otherwise on their households. The social issues affecting women's ability to negotiate micro credit are interrelated to the economic considerations.

Directly related to women's responsibilities in the house is the fact that most women are operating their businesses and selling their goods from home in order to keep up with their domestic work. Women receive less money for their goods when selling from home, and for this reason, have initiated an innovative system to receive payment by installment with their clients. While

this strategy allows them to engage in income-earning activities in the home, it is not a perfect solution. Being paid by installment creates problems, whereby it is difficult to repay their micro credit loans as required by the program every fifteen days. The interconnectedness of women's reproductive work and micro credit activities results in nearly all of the women worrying constantly about loan repayment. It is not possible to understand women's participation in micro credit without considering the dynamic interaction among individual, familial and social constraints.

Women are using their loans (and the income earned) to pay for basic social services such as their children's education, primary health care, to meet their practical gender needs. Because micro credit aims to integrate women into productive economic activities in the informal sector without challenging the existing barriers, women are left to their own individual devices in navigating these economic and political structures. The predominant focus in micro credit is on the productive role of women, which means that their reproductive role is often ignored (Moser, 1993, p. 69). Micro credit programs which assume that women have 'free time' often only succeed by extending their working day and increasing their triple burden (Moser, 1993, p. 69). It is not enough for women to simply be brought into development and become empowered to participate in the informal economy due to the existing, intersecting systems of oppression based on gender and class. The individual women borrowers are not powerless. But the women borrowers are placed in a position where they must *maneuver* their power – what they have – to meet the requirements of the situation. It is in this context that we can appreciate how women's collective influence could be organized to meet their strategic

gender needs. Micro credit projects may provide employment for women, and thereby meet practical gender needs, by augmenting their income, but unless employment leads to greater autonomy it does not meet strategic gender needs (Moser, 1993, p. 69).

Women have developed individual strategies to circumvent macro-level inequalities. For example, nearly all of the women were veiled, which facilitated their movement in the public sphere. Veiled women are perceived to be good Muslims, and so their character is not questioned when traveling outside the borders of their neighborhood. Women revealed to me that by wearing the veil it is easier for women to remain in public life and participate in the informal economy. Women are maneuvering what power they have at their disposal to protect themselves, rather than challenge prevailing attitudes. Being perceived (by others and husbands in particular) as a good Muslim woman, it is assumed that the veiled woman has a legitimate reason for going to the loan center, for participating in group meetings, for going to the bank, for shopping in the market, and for visiting a health facility. The veil in this context provides women greater freedom of movement in the public sphere, and does not constitute a political statement or expression of greater religious affiliations.

### **Summary**

This chapter examined women's micro credit projects and the many constraints impinging upon their ability to successfully earn an increased income. As Hoodfar (1996) explains "[women's] choices should be viewed as a whole and from the point of view of those who live within them" (p. 140).

Given the very real interests of the state, civil society and men in subordinating women through control of their status, bodies and indeed sometimes their lives, there are widespread constraints in meeting strategic gender needs (Moser, 1993, p. 48).

All of the women participating in this program are using micro credit to support their income-earning activities in the informal sector. Women's work in the informal sector is of low standard and with low pay. Because of women's role in reproduction the informal economy is a major source of employment and cash-generating activity for these women. With increasing unemployment and widening poverty, in a society with no effective social safety net, the role of productive and gainful employment as the conduit out of poverty becomes critical. In Egypt women's reproductive and community managing work plays an important role in supporting the household and maintaining living standards. Nevertheless, these activities are neither paid nor counted in the national income accounts. As a result, women's contribution to the overall development of the national economy as a whole is underestimated and rendered "invisible." For this reason the participation of women in the labor market is underestimated due to a bias against unpaid employment and social attitudes that undervalue the significance of women's social life in general. Women's micro credit activities is viewed in this study as productive work generating an income, but is not accounted for by the Government.

The failure to recognize women's multiple responsibilities may not merely jeopardize the implementation of policy, with programs frustrating rather than meeting basic needs; perversely, it may in fact worsen the position

of women (Moser, 1993, p. 48). Many of the women in this study aimed to significantly increase their income from their micro credit projects. And many women want more than micro credit income – they want financial security. Factors such as the macro level constraints of the informal economy, as well as women's gendered role in production, make it difficult for women to increase the choice of their activities. The design of micro credit loans is inappropriate to women's needs given that many women are engaged in a multitude of income-earning activities, and do not allow women to make maximum use of loans.

Many of the women continue to earn low incomes through a narrow range of female activities in saturated neighborhood markets. What emerges is that micro credit alone does not enable women to challenge and to change the complex reinforcing constraints of gender inequalities and discrimination within markets. Many of the women revealed that a large proportion of their micro credit loan is used for consumption expenditure, for such things as food, paying school fees and private lessons, accessing housing and primary healthcare. While credit for consumption items may decrease women's vulnerability, it does not constitute a sustainable way out of poverty. Women's overall income levels are insufficient given existing market conditions in the informal sector and the limited choice of project activities. Women's practical gendered needs are met by using credit for consumption purposes, to a limited extent as some women report that their own income and loans often substitute for former male contributions to household expenditure.

Women's businesses remain small and concentrated in less profitable sectors in large part because of the time constraints that women's domestic



responsibilities create. Given women's triple role they need support in negotiating the complex changes in gender roles that must ultimately take place in order for them to succeed as micro-entrepreneurs. This is critical given that social issues affect and impact financial concerns in micro credit.

## **CHAPTER TEN**

### **Towards an Understanding of Women's Empowerment**

Is micro credit a tool for women's empowerment? The purpose of this chapter is to gain an understanding of women's empowerment. What is empowerment? In this study "empowerment" is defined as a process to enhance women's capacity for self-determination (women's agency) to meet their practical and strategic needs through which women achieve equal rights, power, and resources with men in society and the economy. It is part of a wider process of eliminating other dimensions of inequality and injustice. Women's empowerment is viewed as a bottom-up process (Rowlands 1998; 1999) through which women define what is important to them given their own experience and understanding of their situation. In this chapter I explore the tension that arises between women's perspectives and the definition of empowerment put forward in this study that challenges gender roles.

According to the literature reviewed the term "women's agency" is used to describe the processes of decision-making, negotiation and manipulation required for women to appropriate and to use resources (Kabeer, 2001). Human agency is unpredictable; there is no 'cause and effect' by which women's empowerment can be measured. Further, agency is not fixed and can be negotiated and renegotiated. In the process of enhancing women's agency it is necessary to consider "what they may or may not do" in their environment. In this way women's agency – and their choices, awareness, strategies – are influenced by the values of the society in which they live. As previously discussed Egyptian society is highly restrictive, with distinct and often segregated roles for men and women. In addition to women's gendered

roles, there are complex structural factors that combine to perpetuate women's subordination in society and in the economy relative to their male peers. It is important to examine women's individual direct actions/strategies in the process of empowerment, as individual women can play an important role in challenging these constraints. However, studies show that such structural inequalities cannot be addressed by individual women (Kabeer, 2003; Friedmann, 1992; Hulme & Mosley, 1996). Because of the influence of the social, economic, political and cultural context over the range and exercise of choices women make, other factors must be considered that affect women's status and rights as a collective group. In this way women's agency is affected by the social, economic, political and cultural context that tends to subordinate women, which can limit their awareness of alternatives and options.

Women's empowerment at the individual and collective levels continues to be surrounded by some controversy, because of its multidimensional aspects and ramifications, which tend to be perceived as threatening to the established social, economic, political and cultural order<sup>65</sup>. The distinction between practical gender needs and strategic gender needs theorized by Moser (1993, p. 40) is useful in understanding how women's interests are related to their empowerment. Women's practical gender needs are defined as the needs women identify in their socially accepted roles in society (Moser, 1993, p. 40). According to Moser (1993, p. 40) practical gender needs do not challenge the gender divisions of labour or women's subordinate position in society. Moser (1993, p. 39) further explains that strategic gender needs are the needs women identify because of their

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<sup>65</sup> These dimensions include values and religious beliefs.

subordinate position to men in their society, and meeting women's strategic gender needs assists women in achieving greater equality by changing existing roles and challenging women's subordinate position. This distinction between practical and strategic gender needs allows development planners to make sense of women's interests at the individual and collective level, and through this process envision more empowering interventions that combine both practical and strategic gender needs. It is easier for micro credit programs to meet women's practical gender needs than challenge the status quo in meeting strategic gender needs. If women are to be empowered in micro credit programs, more challenging interventions must be designed that incorporate both practical and strategic needs. Because women as a collective group face structural constraints in the economy and in society, women's empowerment is conceptualized as a weakening of the many facets of women's subordination. While many micro credit programs are claiming to meet women's needs, these are most often women's practical needs rather than strategic needs. The differentiation of women's practical and strategic needs in micro credit offers a more comprehensive analysis of women's aspirations and interests to advance their social and economic position relative to their male peers.

This study acknowledges past research that has shown how development assistance programs which respond to women's practical or material interests may help them survive and fulfill their gendered roles, but they do nothing to change women's subordination and may in fact perpetuate it (Tinker, 1990, p. 50). Because development programs often identify and respond primarily to women's practical gender needs, they are often responsible for preserving and reinforcing existing gender inequalities (Moser,

1993). This is the case in the GGLS program. Women's experiences demonstrate an ongoing concern to meet their practical gender needs; often women's strategic gender needs do not get addressed. In the focus groups women identified their practical needs given their situation and understanding of experience: purchasing food, repaying a debt, improving inadequate housing, educating their children, and accessing health care. These practical gender needs relate to women's gender-ascribed role in society and do not challenge the divisions of labour or women's subordinate status in society. For instance, women are primarily responsible for domestic work involving child care, family health and food provision, and for community managing of housing and basic services, along with earning an income through productive work. Women's involvement in micro credit does not challenge their responsibility for this kind of work, it supports and reinforces it. In this way micro credit assists women in meeting their practical gender needs by supporting women's gender-ascribed roles in the household, in income-earning activities, and in community-level managing activities related to housing and basic services. As women fulfill their gender-ascribed roles in society and in the economy, which are supported by micro credit, women's strategic interests, which aim to achieve equal rights, power, and resources with men, are not manifested.

Having access to development interventions like micro credit is an important tool in helping women meet their practical gender needs, but it is not sufficient for meeting women's strategic gender needs and thus empowering women. The differences between women's practical and strategic gender needs must be noted in micro credit, and interventions

designed to include both. During the course of my field research I came to identify how women viewed their strategic gender needs given their experience and understanding of their situation. Women's strategic gender needs have three components: financial security, individual dignity and respect, and peace in the household; women's disempowered condition involves: economic vulnerability, lack of dignity and respect, and dysfunction in the home. In the next section I argue that women have identified their strategic needs, but do not see themselves as capable of meeting these strategic needs with micro credit.

Women demonstrated their strategic gender need for financial security through discussion on their participation in productive income-generating activities, supported by micro credit. While women are aspiring for financial security, they consistently highlighted that they could not achieve this objective given the structural constraints working against them. As micro credit supports women's productive work in the informal sector, and given the cultural constraints influencing what kind of work is appropriate for women, there was an agreement that micro credit could help them along, but not in obtaining financial security. In the interviews women stated that modern jobs with benefits and pensions were more important for their children than micro credit. The women with children adamantly expressed that they did not want their children 'doing' micro credit; they wanted their children to be educated and to find good jobs.

Another strategic gender need identified in this research, and related to women's productive work, is that women want to be respected for their unpaid work in the household. This strategic gender need is related to women's

empowerment objective of achieving individual dignity and respect alongside men. While women do not necessarily want men to participate equally within the household, they would like to be respected by men for what they do at home. In this process women seek peace in the household, an empowerment outcome related to the intra-household division of labour. Women want to retain the financial contribution of their husbands, despite their own increasing productive micro credit work, and frequently invoke that they were only *helping him[the husband]* in his role as provider. This was true even in cases where women were fully providing for the household.

Based on women's experiences and situation it is possible to understand that it is difficult for women to empower themselves and meet these strategic gender needs without a social, economic, political and cultural transformation. If women are to meet their strategic needs of achieving financial security, individual dignity and respect, and peace within the household, based on their understanding of the situation, it is clear that a number of social, economic, political and cultural changes are to be considered. What is empowering for women – given their triple roles in production, reproduction and community-managing - is affected by the intra-household division of labour, unequal opportunities in the economy, and prevailing gender relations that combine to assign women greater responsibility for every day household tasks. This is one of the reasons why so few women realize their empowerment in micro credit programs. In helping women meet their practical gender needs micro credit programs often fail to appreciate the wider economic and political context influencing women's ability to improve their situation and become empowered.

In the literature reviewed Friedmann (1992) and Moser (1993) offer an explanation why practical gender strategic needs are more often met than strategic gender needs. Friedmann (1992) argues that one of the difficulties is that strategic needs take longer because they aim to create and shape a transformation in society. Further, Moser (1993, p. 197) explains that women's workload and time burden make it difficult for women to organize in meeting their strategic gender needs. I found in the interviews that women identified their strategic needs in expressing what they wanted for their children: accessing and strengthening education, eliminating gender inequality in employment, improving their children's status (especially girls), achieving reproductive health, reducing women's and girls' time burden at various levels, and improving their representation and voice. It is evident that micro credit programs cannot assume all of the tasks necessary to bring about this kind of change; it involves many different actors and institutions. But micro credit as a tool could provide an entry point for mobilization.

A specific example that illustrates women's view of empowerment is seen in the importance of ensuring a better education for their children. Education is perceived as having a number of empowering effects manifested in different ways: increased income-earning potential, improved bargaining within the household, greater autonomy in decision-making, improved control over fertility, and greater participation in public life. Women are proud to be providing their children with an education, but it is not easy when they are paying for private lessons and working harder in the household.



In the context of the loan center where the loan officers do not wish to “activate the women” and forbid talk on personal and social matters, it is difficult for women to organize in meeting their strategic gender needs. As discussed by Bayat (2000) it is through individual direct actions that women are positioning themselves to meet their practical gender needs.

The conceptualization of “empowerment” being put forward in this study highlights that the lives of low-income women, and the communities in which they live, are shaped by political processes involving *power*, inequality and oppression (Oxaal & Baden, 1997, p. 24). The idea of “power” is at the root of the term empowerment (Oxaal & Baden, 1997, p. 1). In the literature reviewed “power” is understood as a complex process consisting of interlinked and mutually reinforcing dimensions (social, economic, political, cultural) and levels (individual, family, community, and macro) (Mayoux, 2002, p. 51; Friedmann, 1992; Oxaal & Baden, 1997). According to Kabeer (2003, p. 224) there has been a shift towards a more process-based analysis of power – through empowerment and disempowerment – rather than “powerlessness” used in earlier studies.<sup>66</sup> Mayoux (2002, p. 51) discusses women’s empowerment as challenging existing inequalities in *power* and resources, combining individual initiative and collective action. The feminist empowerment framework developed by Mayoux identifies four aspects: power within, power to, power over, and power with. The process of women’s empowerment, and relationship to power at different levels, is explored using each of these four components in the next section.

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<sup>66</sup> Kabeer (2003, p. 224) argues that powerlessness suggests a total absence of power whereas in reality even those who appear to have very little power are still able to resist, to subvert and sometimes to transform the conditions of their lives.

## Analysis of Women's Empowerment

### Women's Power Within

Strategies of empowerment 'from within' are related to changes in consciousness and reinterpreting practical and strategic needs through different perspectives (Kabeer, 2003, p. 245). Power 'from within' is self-generated through an understanding of the possibilities of action based on women's assessment of their situation and experiences individually, and collectively as a group.

In this section I argue that three examples serve to illustrate the process of women's empowerment 'from within' at the individual level. The women themselves identified the process of change based on their understanding and knowledge of the situation. During an interview woman's "power within" was expressed in the process of being able to leave the house unaccompanied for the first time. While this may be viewed as woman's "power to" I argue that it represents women becoming aware of the wider possibilities to do things. While other women in the group may have enjoyed this right for some time it must be considered in the context of Cairo where women's freedoms have been constrained<sup>67</sup>. In the interviews many of the women were assertive: they spoke directly with outsiders, they were outspoken, and looked others in the eye. The women demonstrated an awareness of their own problems, and the problems of others. This was particularly true with marital conflicts. The process of women's empowerment 'from within' can be seen in women's awareness of their unequal social and legal status in marriage. As a result of

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<sup>67</sup> Because women need to have permission from their husbands to leave the house, it has been conventionally interpreted that women also need the permission of their husbands to enter the labor market. See Hoodfar (1997, p. 107). Historically, women's mobility has been restricted to activities in the home.

their awareness of the situation and the context affecting their marriage choices and practices, women themselves diminished the appeal of “love” marriages. As a result of their situation women tended to view marriage as a contract, and sought to reinforce demands for a substantial *mahr* (in cash and household goods), which they could keep in the event of divorce. Such strategies are used by women to circumvent the legal limitations they face. Given this context of marriage, family and the household, many women agree to stay with a husband, but accepting to stay was what they felt was the best situation. However, in the process, asymmetric gender relations and gender ideology, which often disadvantage women, are reproduced. Yet despite these constraints women may find it strategic to avoid or defuse potentially conflictual situations with men because the costs of confrontation are too high. In this context it is possible to identify women’s ‘power within’ precisely in the trade-offs women make given their situation.

### **Women’s Power To and Power Over**

Women’s ‘power over’ and ‘power to’ are linked because both empowering processes involve interpersonal aspects of power. Strategies of women’s ‘empowering to’ are related to women’s ability to mobilize for change. As Kabeer (2003, p. 225) argues women’s ‘power to’ relates to individual decision-making, or observable decision-making processes. Despite these constraints faced by women they are aware of their dilemma and their disadvantage, and in some cases, consciously negotiated to achieve certain ends at the individual level. For instance, women develop covert acts of resistance to ensure their ongoing participation. One of the specific

examples given in an interview was discussed when women kept their financial resources secret from their husbands and family members. Some women believed their husbands' financial contributions were being diminished as a result of their micro credit activities; a process women feel is detrimental to their power and position vis-a-vis their husbands. Another strategy – wearing the veil – was adopted by some women to facilitate their movement in and out of their neighborhoods.<sup>68</sup> At the individual level I found evidence of women's empowerment in the process of negotiating their loans. In speaking with different groups of women there were many instances of women being able to maneuver their power – what they had - to perceive themselves as capable, to hold opinions, to interact with others. But there were few examples of women's 'power to' in mobilizing for change or to act collectively in their own interests.

The research findings did not reveal any significant changes in status and/or decision-making power for women within the household. The intra-household division of labour is linked to women's strategic need of achieving 'peace within the household'. In the focus groups women were adamant that they did not receive any respect or assistance with their unpaid work. Women's micro credit activities do not overtly challenge women's roles and norms in the household, which is acceptable to their husbands. The subsistence nature of these households is such that additional income is welcome, but not at the cost of men helping out with household chores. Yet women are making decisions about buying and/or selling goods both in and outside the home, and these do not challenge the status quo. Given women's

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<sup>68</sup> Hoodfar (1997) found that women did not take up the veil for reasons related to increased religiosity. However, whether the veil is perceived as a form of oppression that forces compliance with the cultural beliefs is another question.

understanding of their situation women strongly adhere to the existing gender ideology, which justifies their claim for financial support from their husbands regardless of their own abilities to earn. While women hope to invest their income-earned in household goods or items not viewed as a husband's responsibility, and in the process, gain prestige and power, this aspiration is difficult to achieve when they are poor and forced to spend their income on consumption and daily expenses to meet basic needs.

Strategies for women's "empowering over" are viewed as an enhanced perception of women's capacities and rights at household and community levels. In the interviews women expressed their feelings and behaviors which consistently revealed a discomfort with their situation, particularly in their relationships with men, at the individual level. In some cases, women responded to men with apparent acquiescence – such as when a woman hands over her loan to her husband. Other women were engaged in open conflict with their husbands. This conflict tended to ensue after discussion on financial contributions in the household. It is very difficult considering the legal, religious and cultural prescriptions of "marriage" and the "family" for individual women to challenge these institutions. If these individual actions were taken collectively, women could be placed in a position to challenge their subordinate role, for greater personal power and status in the public and private spheres. Nevertheless, women are willing to interpret this ideology in ways to suit their circumstances, and to be in a position to maneuver their 'power', they do not necessarily have a reason for doing so. There is no evidence of women's 'empowering over' at the collective level.

### Women's Power With

Women's 'power with' involves women organizing with a common purpose or common understanding to achieve collective goals. According to Kabeer (2003, p. 253) it is the recognition of the shared aspects of subordination – as it is collectively enforced – and hence collectively changeable, and forms the basis of strategies for change. Women's 'empowering with' as a strategy can be seen in solidarity and alliances to challenge gender subordination. Clearly lacking in this study was women's "empowering with" through collective action to challenge gender subordination. Although women were engaged in community activities at the neighborhood level, through their *gami 'yaat* informal savings activities, these alliances were in place prior to their participation in micro credit and do not explicitly challenge women's subordination.

What are the implications of women working together as a process for their individual and collective empowerment? Women's individual direct actions have been shown to be very important in Egypt (Bayat, 2000). The authoritarian bureaucratic regime in Egypt renders collective demand making risky and less effective, but at the same time women have managed to bring about quiet and individually significant changes in their lives. The results of this study demonstrate that women are capable of organizing as a collective group to support and to guarantee each other in micro credit, at the neighborhood level. Women are proving themselves capable of performing many tasks outside of their gender-ascribed role, and in the process bringing about quiet social change. The question of how this pressure from below will

influence social development and women's empowerment may be a topic to be analyzed in future research.

### **Conclusion**

By focusing on women's understanding of their situation, and experiences in micro credit, it is possible to see that there is potential for programs to do more to support women's empowerment. The process of women's empowerment is conceptualized as including women's practical and strategic gender needs, at various levels, through individual initiative and collective action. Because power is deeply rooted in social, economic, political and cultural systems and values, and permeates all aspects of life, it is unlikely that one intervention (such as micro credit) is capable of transforming power and gender relations in society and in the economy. However, given the importance of accompanying women in the process, and the difficulty for individual women to meet their strategic needs given the structural social and economic realities, micro credit has a potentially important role to play. Given women's triple roles, a holistic micro credit orientation that incorporates women's practical and strategic gender needs, is viewed as better situated to help women meet their aspirations. The many ways that women and men work and contribute to the economy, their family and society must be included in the analysis.

Based on women's understanding of their situation and experiences it is possible to identify the limitations of narrowly focused micro credit interventions based on the financially self-sustainability approach. The separation of social concerns from financial objectives does not support a

social change agenda, and in fact, makes it clear that women will be left to their own devices in enhancing their material prospects, increasing their freedom within the household, and mobilizing vital community resources in the neighborhood. While micro credit programs may assist women in meeting their practical gender needs, it is not sufficient for women's empowerment. Long-term strategic and integrative strategies across sectors (health, education, employment) are required. As Moser (1993, p. 76) identified, changes in law, civil codes, systems of property rights, control over women's bodies, labour codes and the social and legal institutions that underwrite male control and privilege are essential if women are to attain justice in society. By analyzing the process of women's empowerment it is possible to find evidence that women are empowering themselves to meet their practical needs at an individual level; but this is not sufficient to meet their interests. Individual empowerment is a fragile gain if it cannot be mobilized in the interests of collective empowerment (Kabeer, 2001, p. 48). For this reason empowerment may be impossible outside of a group or collective process.



## **CHAPTER ELEVEN**

### **Lessons, Recommendations, and Conclusion**

In this research, I have explored women's experiences in Save the Children (USA)'s Group Guaranteed Lending and Savings micro credit program. The study focuses on women's experiences as borrowers in the program, as workers in the informal economy, as wives and mothers in the household, and as community managers in the neighborhood. My work illustrates how various influences affect women's ability to engage in productive income-generating work supported by micro credit. Of particular interest is the ongoing influence of the current international micro finance campaign. In April 2005 the Micro Credit Summit Campaign announced at the Latin America/Caribbean meeting<sup>69</sup> in Santiago, Chile, that the 1997 campaign has been extended to 2015 with two new goals designed to assist the Millennium Development Goals (MDGs) effort.<sup>70</sup> The goals are 1) to work to ensure that 175 million of the world's poorest families, especially the women of those families, are receiving credit for self-employment and other financial and business services by the end of 2015; and 2) to work to ensure that 100 million of the world's poorest families move from below US\$1 a day adjusted for purchasing power parity (PPP)<sup>71</sup> to above US\$1 a day adjusted for PPP, by the end of 2015. With an average of five per family this would mean that 500 million people would have risen above \$1 a day nearly completing the

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<sup>69</sup> More than 1,100 leaders in the field of micro finance from 38 countries gathered in Santiago, Chile for the Latin America/Caribbean Region "Micro Credit Summit" April 19th - 22nd to celebrate the "International Year of Micro Credit" and launch the final push to reach 100 million poorest families. See Micro Credit Summit (2005b).

<sup>70</sup> See Micro Credit Summit (2005b).

<sup>71</sup> OECD (2005) defines Purchasing Power Parities (PPP) as "currency conversion rates that both convert to a common currency and equalize the purchasing power of different currencies. In other words, they eliminate the differences in price levels between countries in the process of conversion."

Millennium Development Goal on halving absolute poverty. The official re-launch of the Campaign will take place at the Global “Micro Credit Summit” to be held November 12-15, 2006 in Halifax, Nova Scotia, Canada.

Can the “Micro Credit Summit Campaign’s” efforts make a difference for poverty elimination and empower women? It is not difficult to be skeptical. The financial self-sustainability micro credit program’s analysis, suggestions and strategies for action continue to suggest that a more narrow focus on economic growth and efficiency is the best approach for the elimination of poverty, which is challenged in this study. In this study I argue that both economic and non-economic factors must be taken into account. The “\$1 a day” approach to poverty reduction does not incorporate the multiple non-economic and structural factors that contribute to poverty, and sustain it. By focusing on economic indicators it is not possible to address the root causes of poverty, which also lie in multidimensional facets in the socio-economic context of each country. The prevailing belief that poverty reduction strategies can be market-based is being questioned. What emerges is that in order to eliminate poverty other interventions are necessary that address the social dimensions of finance raised in this study.

This research study is a contribution towards the ongoing debate on the links between micro credit, poverty alleviation, and empowerment. The importance of this study lies in its contribution towards a new understanding of women’s participation in micro credit programs in Cairo, Egypt. This study is unique because of the importance given to the voices of women participants in micro credit, who are the intended beneficiaries of the program. The lessons learnt and recommendations generated in the study are grounded in

women's experiences. The results of the study answer the research question developed by exploring what influences women's choices and priorities in micro credit, and by analyzing women's process of empowerment. The results demonstrate that a number of non-economic factors influence and affect women's productive income-earning work supported by micro credit. By focusing on women's experiences it is possible to explore these influences and ask how women can best be supported in their efforts to increase their income, meet their strategic and practical gender needs, and empower themselves.

The most important results of the study lie in the gender-specific constraints that affect women's micro credit activities. The results show that women tend to be disadvantaged by gender-specific constraints that affect their ability to use micro credit. Women's relatively low education and skill levels contribute in determining what kind of income-generating activities are supported by micro credit. Cultural norms restricting women's physical mobility influence the locale of where women work. Demands on women's time as they endeavour to balance their reproductive and productive roles, a task made more difficult by the gender-based unequal division of labour, affect their ability to manage their income-generating activities. The relatively low economic value placed on their paid and unpaid activities contributes to rendering invisible women's important contributions at the household and neighborhood level. Women's limited access to assets and social services and limited control over resources prevent them from participating equally with men in the informal economy.

Poor women's productive activities are generally perceived as supplementing those of the male head of household rather than as being

economic enterprises in their own right on which the household's livelihood may well depend. This perception is further reinforced by the reality that the productive activities of poor women tend to be largely invisible, because poor women are often involved in household-based economic activities in the informal sector. This pattern is influenced by the need to combine such activities with the demands associated with women's reproductive role. Women's primary responsibility for reproduction is rarely questioned.

Evidence suggests that there is a link between gender-specific constraints and the types of economic activities poor women tend to be engaged in. This in turn appears to have some implications for how micro credit is used. Gender-specific constraints serve to discourage poor women from applying for larger loans, with the result that they find themselves in a vicious circle of low-risk, low-profit activities with low potential for specialization and expansion. Providing poor women with micro credit does not by itself solve the problem of their preponderance in low-growth income-generating activities in the informal economy, which are characterized by high labour intensity and low capital, simple accounting, the diversification of economic activities as a risk-reduction strategy, and reliance on social networks and low-income customers. Women's "specialization" may be further encouraged by access to micro credit, in particular when the minimalist approach is adopted and poor women are not offered access to training or other supports through which they could acquire skills that would allow them to engage in economically more profitable activities.

Where access to micro credit is linked to the traditional economic activities of women, their workloads may increase since the traditional gender-

based division of labour is not questioned, but may actually be reinforced. This reflects the general failure to address gender-based discrimination in the household and in the labour market.

An important argument put forward in favour of supporting poor women's access to micro credit revolves around the issue of empowerment. This is a term that continues to be surrounded by some controversy, not least because of its multidimensional aspects and ramifications, which tend to be perceived as threatening to the established social, economic, political and legal order at both the micro and macro levels. With regard to women, empowerment would imply building the capacity to challenge the complex structural factors that combine to perpetuate their subordination in society and the economy relative to their male peers. A gender sensitive empowerment approach is aimed at ensuring a more equitable division of labour and access to/control over resources by addressing not only the symptoms associated with women's subordinate position in society and the economy, but also the root causes.

As micro credit continues to be practiced around the world, it is crucial to remember that different approaches are used. The results of this study confirm similar studies that challenge the prevailing dominant micro finance paradigms. As Mayoux (2001) demonstrates micro credit programs need to be flexible and take into account the gender-specific constraints that may interfere with urban women's access to micro credit and may affect the use of and control over loans and their social and economic benefits.

The most important result of this study is that a holistic approach to micro credit has the best potential to alleviate poverty among low-income

urban women, and meet their practical and strategic gender needs. Whether women pursue home-based income-generating activities not only depends on women's attitudes and aptitudes, but on their reproductive and community managing roles in society. A holistic approach to empowerment in micro credit would entail efforts to instigate changes in the socio-economic environment conducive to improving women's disadvantaged social, economic, political, and cultural status relative to that of their male peers, as well as efforts to enable women to function as active partners in the development process rather than passive targets of interventions.

In terms of women's empowerment the pertinent literature reveals that there is no clear consensus on what may be termed "empowerment" in micro credit programs. As Kabeer (2001) states it is impossible to predict at the outset how micro credit will change women's lives, without some knowledge of the ways of 'being and doing' which are realizable and valued by the women in that context, in the process of enhancing women's capacity for self-determination. The results of this study substantiate similar studies that find there is no clear consensus on the complex link between access to micro credit and women's empowerment. However, in general, a distinction is made between two basic approaches. The minimalist approach is based on a relatively narrow view of empowerment, where access to micro credit is assumed to function as a catalyst for positive changes in women's socio-economic status. The broader empowerment approach acknowledges the linkages between intra-household dynamics, the community, the market and the State, and recognizes the need to address the structural (social, economic, political, and cultural) factors that impede women's access to micro credit and

interfere with their right to control the use of loans and to share equally in the resulting benefits.

Micro credit has the potential to function as a means of initiating a wider process of social and economic change that incorporates establishing more equitable gender relations. Micro credit programs targeting low-income urban women need to actively promote changes in a woman's institutional environment – through circumventing, changing or eliminating the society's values, practices, norms and laws in order to lessen the extent to which they constrain women's activities.

The results of this study reaffirmed my initial skepticism that micro credit is not a panacea for women. Women's ability to earn an income through micro credit loans, and become 'empowered' is influenced by a number of factors related to women's position in society. The study demonstrates that future research on integrated approaches and interventions in micro finance that aim to meet the practical and strategic gender needs of women are needed. As Mayoux (2001) found we need to move from compartmentalized interventions to integrated and interlinked strategies, by giving attention to women's reproductive work, social welfare and empowerment as integral parts of any economic intervention.

A number of recommendations targeting the different groups involved, namely, the State, non-governmental organizations and micro credit institutions, and donors are offered in the next section. Underlying all these recommendations is the call for re-evaluating current assumptions regarding the contribution of micro credit to poverty alleviation. In particular, there is a need to give more attention to, and to invest in, a complete package of gender-

sensitive poverty alleviation tools, of which micro credit is but one component. Micro credit can only contribute to achieving poverty alleviation objectives if it is accompanied by integrated parallel efforts that address the root causes of the gender-specific manifestations of poverty. There is a need for coordination, cooperation and networking not only between micro credit projects, and between such projects and other development interventions, but also between donors supporting micro credit programs targeting poor urban women in the Arab region.

In this study I have raised a number of critical issues based on women's experiences in micro credit. Despite some of the shifts, however, there are a number of positive outcomes expressed by women. Many women expressed a feeling of gratitude for being able to contribute to the household and providing their children with an education. My work illustrates that micro credit is supporting women's efforts to meet their practical gender needs, and this is a significant contribution. Micro credit is hard work, yet supports women's strategies to raise income. Women demonstrated a strong desire to improve their situation, and micro credit is giving them hope that they can escape their poverty and improve their situation. Whether or not women will be able to make this leap remains to be seen.

The recommendations below are addressed to the state, non-governmental organizations (NGOs) and micro credit institutions, and donor - the three constituencies most involved in the support and provision of micro credit targeting poor urban female groups in the Arab region.



## **Recommendations**

### **Recommendations for the State**

In Cairo, women and men's reproduction is not treated equally by the State, or by local prevailing cultural and religious norms. The traditional responsibility of a man to provide for his family is further strengthened by the modern capitalist ideology in which a man is regarded as the 'breadwinner'; it has remained not only a principle of Egyptian beliefs but one of the major factors shaping modern legislation (Hoodfar, 1996). Historically in the Arab world women's productive economic roles have not been valued and have received little support in the household. In fact, today women contextualize their production as secondary, as 'helping him', the husband. Women's productive work has become increasingly necessary during the present stressful economic period, in as much as their participation in productive informal employment is not necessarily a choice. Women are faced with new productive economic activities, in addition to their household work, for which they receive little support from their husbands and the State at various levels (micro, mezzo, macro). Women's productive role in Egyptian society is contested, but women justify their productive role by saying they are providing for their children. Women's production allows them to acquire goods for the household, support their children's education, and perhaps unwittingly, contest prevailing social and gender norms. Arab women are not a uniform group; the women interviewed in this study are lower-class women

struggling to survive and reproduce their families, and, for the most part, aspiring towards improved living situations.<sup>72</sup>

The state should recognize that poor women's preponderance in the informal sector is largely due to the fact that no other viable alternative exists for income generation. Steps should be taken to promote measures that support the transition from informal to formal sector employment as a strategy for improving the labour market position of women. Current assumptions regarding the effectiveness of micro credit as a primary poverty alleviation tool should be reconsidered. A clear distinction should be made between the minimalist and the broader approach to women's empowerment. Measures should be investigated aimed at improving women's labour market position in the informal sector.

The Personal Status Laws (civil law) enacted in many Arab countries, govern marriages, divorce, child custody and alimony, and generally favor men over women in all areas. The formal legal gender discrimination against women must be altered. Women's unequal status and subordinate position in marriage, in family-related laws, in the courts, in the economy, is actually reinforced by the State. As Moser (1993, p. 44) explains it is in policy towards the family that the state intervenes most powerfully in the lives of women. It is a matter of justice to level the playing-field. Women's important contributions based in the household should be recognized. This continued gendered discrimination affects both men and women struggling to improve their lives.

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<sup>72</sup> It was difficult to identify in the course of this research whether women belonged to low-income or lower middle income class. A loan officer informed me that all of the women would claim to be "the poorest". It did seem, however, that most of the women were aspiring towards lower middle class status.

There is a need to reform macro-level economic policies that discriminate against the types of economic activity in which women are involved. State policy towards women in the family is highly complex because it is not unidirectional; it varies depending on its purpose, alternatively controlling and supporting women (Moser, 1993, p. 44). For example, the coexistence of religious and civil law can effectively oppress women (Moser, 1993, p. 46). The State should develop a legal framework that protects women's rights in key areas such as inheritance and ownership of property, marriage, and situations of abuse. Women's needs should be taken into consideration when developing economic policies, infrastructure, and other policies. The state should promote and provide educational opportunities for women and girl children.

Support should be provided for the empowerment of poor urban women as an integral part of strategies to empower the poor both socially and economically. Steps should be taken to ensure the security of poor urban women through the provision of social services and support in the areas of basic education, housing, health/reproductive health and nutrition. The costly provision of basic needs and services should be investigated.

### **Recommendations for Non-Governmental Organizations (NGOs) and Institutions Providing Micro Credit**

Non-governmental organizations and institutions providing access to micro credit for women need to acknowledge the limitations of micro finance in the context of structural adjustment policies which seriously disadvantage women, decrease public sector services and subsidies. Much evidence

supports the view that micro credit is not a panacea to end poverty, but only one of many interventions. Institutions must reflect upon their philosophical approach in order to support a holistic approach to micro finance to reduce poverty and empower women.

While micro credit can support women's individual direct actions to earn an income, there is little evidence to show that it contributes to a collective process. Micro credit alone does not enable women to challenge and change the complex reinforcing constraints of gender inequalities and discrimination within markets. Institutions should take more explicit account of the variations in minimalist and broader micro credit approaches. The large numbers of women involved mean that micro finance programs have enormous potential as an organizational base for bringing about changes in gender roles and relations. Macro-level policy change has little meaning unless women are aware of their rights and have support networks with other women and men to make these rights a reality. It is possible that micro finance institutions and non-governmental organizations can identify ways to engage in a collective process in order to bridge the macro-level policy changes and grassroots level action required. Strategies for cooperating and coordinating with other micro credit and non-finance providers can be clearly defined. Micro credit programs provide a potentially large and organized grassroots base for developing advocacy and lobbying strategies around gender issues. It is crucial that micro finance programs consider ways of building on their considerable organizational strength, reaching thousands of women and men, to challenge gender inequality and economic injustice (Mayoux, 2001, p. 30).

Specific recommendations include developing links with other service providers, networking with other organizations challenging gender inequality, and providing information about networks and sources of support. Because of women's triple roles organizations should investigate complementary services for both women and men, aiming to reduce the burden of unpaid domestic work, including childcare. Non-governmental organizations and institutions should provide an acceptable forum for women to voice their concerns and needs, and enable women to organize to protect their individual and collective interests at various levels. By providing an organizational basis for program lobbying and advocacy to promote gender equality at the macro level, the fulfillment of women's practical and strategic gender is more realistic for empowerment.

Micro credit organizations should provide an enabling environment that allows women to discuss their social concerns affecting their micro credit activities. Better understanding of women's needs requires extensive consultation with women, participatory research that identifies women's needs, strategies and constraints, and a process of negotiation between women and development agencies. The meaning of high repayment rates as an indicator of success should be more clearly defined, with a distinction made between the perspectives of the program and the beneficiaries. Organizations should be concerned with significantly increasing women's incomes from women's own activities and increasing choice of these activities. The results show that the amounts of credit women are given are often insufficient in themselves to set up or significantly expand economic activities. Most women continue to earn low incomes from a narrow range of female activities in

increasingly saturated markets. A large proportion of women's loans are taken up by consumption expenditure, particularly food, school fees and health care. Credit for consumption may decrease vulnerability. But, unless overall incomes are sufficient, use of credit for consumption may not constitute a sustainable way out of poverty.

Non-governmental organizations and institutions providing micro credit to women should bring women's perspectives into the governance, management and implementation of programs. Flexible repayment schedules should be developed that allow for installment payment plans, as well as individual and group loans. Repayment schedules should be based on the women's economic activity patterns rather than the needs of the institution providing credit. Organizations need to separate women's empowerment issues from household poverty concerns because women want money to spend themselves. Many women do not have the time to attend group meetings due to the demands of their triple role. Women need a diversity of micro credit loan provisions, which is related to the burden of their triple roles, because of their own individual needs for different types of savings, loans, insurance, and pensions. For example, the results show that women use a range of saving facilities in the informal economy.

Where women's empowerment is a program objective, the term should be explicitly defined and distinctions made between the economic versus the social, economic, political and cultural empowerment of women, and the minimalist approach versus the broader approach to empowerment. Micro credit institutions should conduct and support research on best practices in empowering women. There is potential for micro credit groups to function as

a basis for collective action by women. Organizations should allow a forum for information exchange and mutual learning between women, in a process that allows women to question their gender roles. Programs need to acknowledge the potentially negative effects on gender relations of targeting women and consider ways in which men's cooperation in a process of change can be promoted. In women-only programs it is difficult to include men.<sup>73</sup> Male support needs to be encouraged and organized for change in gender relations.

### **Recommendations for Donors**

The growth in the numbers of people working informally means that millions of workers, worldwide, have never had access to formal mechanisms of social protection – such as health insurance, disability allowances, or retirement benefits – or are losing the comprehensive forms of protection they once had, through their place of employment or from the State, or a combination of the two. One of the empowerment outcomes of this study is that women want more than micro credit, they want financial security. Many of women's goals - salaried jobs, gender wage equity, female property ownership and control – cannot be met by providing women with micro credit. Innovative practices must be explored in creating decent work in the informal economy.

Donors must consider interventions designed to ease the workload associated with women's triple role in micro credit. Expecting poor women to continue to shoulder time-consuming household and other family-related tasks

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<sup>73</sup> Because it might be difficult for women to participate in mixed groups, I argue for a variety of implementing strategies in micro credit programs in order to meet the diverse needs of women.

parallel to income-generating activities is unrealistic. Support should be provided for the development of training packages designed to promote poor women's access to profitable economic activities that by definition are not gender-stereotypical, and linked with support for interventions aimed at improving poor women's labour market position.

The gender division of labour within the household gives women primary responsibility not only for domestic work involving child care, family health and food provision, but also for the community managing of housing and basic services, along with the capacity to earn an income through productive work (Moser, 1993, p. 40). As Moser (1993, p. 40) argues, policies to meet practical gender needs have to focus on the domestic arena, on income-earning activities, and also on community-level requirements of housing and basic services. Policy-makers, development priorities of intervening agencies, and the women themselves are often responsible for preserving and reinforcing (even if unconsciously) the gender division of labour (Moser, 1993, p. 40). As Moser (1993, p. 40) states, status planners are identified as meeting 'women's needs'. But at the same time it can make it even more difficult for women themselves to recognize and formulate their strategic gender needs (Moser, 1993, p. 40).

### **Summary of Lessons, Recommendations and Conclusion**

In light of these realities outlined, evidence of the effectiveness of micro credit as a poverty alleviation tool remains inconclusive. It is difficult to feel optimistic about the current global trend in micro finance. The analyses generally point to the tentative conclusion that it is primarily the symptoms of



poverty that are being addressed and much less the gender-specific root cause of poverty, where both gender and class variables combine to perpetuate women's economic vulnerability and social subordination.

Just as access to micro credit cannot by itself alleviate poverty and needs to be linked to a comprehensive package of poverty alleviation interventions, micro credit cannot effectively empower women unless it is accompanied by serious attempts to address the structural causes underlying the existing manifestations of gender inequality. In reality not every poor woman is an entrepreneur who requires micro credit. There is a need to consider women's aptitudes and the ability of each individual to take action and make choices, and the impact of the cultural and socio-economic context in this respect.

It is evident that the process of poor women's empowerment needs to be viewed in terms of a continuum; movement from a minimalist to a broader approach of empowerment is required if sustainable human development is to be achieved. A high degree of commitment is required to effectively address the structural and root causes of poverty and the gender-based unequal division of labour and unequal access to/control over assets and resources. What emerges is that the feminist empowerment paradigm in micro credit is best suited to meet women productive and reproductive needs. Without taking into account these social dimensions of micro credit, there is little chance that women will improve their situation.

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APPENDIX